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| Austria ... Sch 18 | Indonesia ... Rp 2500 | Portugal ... Esc 75 |
| Bahrain ... Din 0.650 | Italy ... L 1100 | S. Arabia ... Rls 6.00 |
| Belgium ... BFr 38 | Japan ... Y650 | Singapore ... S$ 4.10 |
| Canada ... C$2.00 | Jordan ... Fils 500 | Spain ... Pta 100 |
| Cyprus ... Mils 600 | Kuwait ... Fils 500 | Sri Lanka ... Rup 30 |
| Denmark ... DKr 7.25 | Lebanon ... LL 6.00 | Sweden ... SKr 6.50 |
| Egypt ... LE1.00 | Luxembourg ... LFr 38 | Switzerland ... Fr 2.00 |
| Finland ... Fmk 5.50 | Malaysia ... Rin 4.25 | Taiwan ... NT $65 |
| France ... Fr 8.00 | Mexico ... Pes 200 | Tunisia ... Din 0.600 |
| Germany ... DM 2.20 | Morocco ... Dh 6.00 | Turkey ... L 160 |
| Greece ... Dr 60 | Netherlands ... Fl 2.50 | U.A.E. ... Dh 6.50 |
| Hong Kong ... HK$ 12 | Norway ... NKr 6.00 | U.S.A. ... $1.50 |
| India ... Rup 15 | Philippines ... Pes 20 | |


# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,235

Wednesday February 1 1984


Warning lights flash for Mitterrand, Page 12



## NEWS SUMMARY

### GENERAL

## Lebanon to buy 35 U.S. tanks

Lebanon is to buy 35 tanks from the U.S. at a cost of $28m. At present, the 34,000-strong Lebanese army has three battalions, each with 34 tanks, and is equipping a fourth tank battalion.

U.S. training teams are trying to build the Lebanese army into a ten-brigade, 60,000-man force. The tank strength is intended to give it the edge if a serious attack is made against southern Beirut or the mountains overlooking the capital.

Beirut was calm yesterday, but two Israeli patrols came under attack near Sidon. Page 3

### Civilians killed

Soviet bombing of Afghan rebel strongholds between January 19 and 27 killed hundreds of civilians, according to an unnamed diplomat in New Delhi.

### Mitterrand for Bonn

France's President François Mitterrand flies to Bonn tomorrow to talk to Chancellor Helmut Kohl in his series of meetings with European heads of government, through which he hopes to break the EEC deadlock over budgetary and agricultural reform. Page 14

### 'Lift poultry ban'

European Court of Justice ordered Ireland and Northern Ireland to lift long-standing bans on imports of poultry from other EEC countries. It also tightened a 1982 judgment outlawing a similar ban on imports to Great Britain.

### Bretons angry

Angry farmers in Brittany are threatening another wave of violent protests if one of their leaders, Jean-Jacques Riou, imprisoned after an attack on a French Government building in Brest, is not freed. Page 2

### Khmer Rouge attack

Khmer Rouge radio said Khmer Rouge guerrillas overran Vietnamese-occupied Siem Reap town in west Kampuchea, killing 50 Vietnamese soldiers.

### U.S. jet mishap

A U.S. jet carrying 241 people aborted takeoff at Gatwick airport, England, when fire broke out in its undercarriage. Everyone was evacuated safely.

### Shia suicide call

The Speaker of Iran's parliament, Hashemi Rafsanjani, urged a Lebanese Shia Moslem clergyman to recruit more "self-sacrificing youths" to carry out suicide attacks on foreign troops in Lebanon.

### 104 refugees killed

South-east Asian pirates have killed at least 104 Vietnamese refugees in the last three months, a United Nations official said.

### 12-day hunger strike

The hunger strike of 44 young Spanish Basques in Bayonne cathedral passed its 12th day. They want France to restore their status as political refugees.

### Forged notes plot

West German police say they have foiled plans by an international gang, masterminded by an Italian, to circulate banknotes with a face value of $30m.

### Radiation restoration

Czechoslovakia has set up a centre to restore wooden art objects by radiation, using an isotope of cobalt 60.

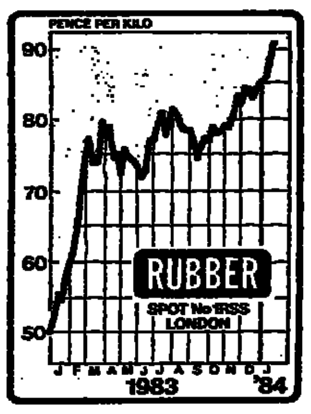
### BUSINESS

## Reagan proposes no cut in deficit

PRESIDENT Ronald Reagan will formally send to Congress today a 1985 budget message proposing no major initiatives for reducing the worrying federal budget deficit, which was $195bn last year.

Reports yesterday suggested that he would propose a 1985 spending level of $926bn, which might produce a 1985 budget deficit of $180bn. The president is expected to seek $5bn of social spending cuts and a rise in defence spending to $305bn.

GOLD rose $3.25 in London to $372.125. In Frankfurt it gained $3.75 at $373.75, and in Zurich it rose $3.25 to $373.5. In New York, the Comex February settlement was $373.8 ($370.2). Page 32




RUBBER prices reached their highest in London with the RSS No 1 spot price 1p up at 91p ($1.28) a kilo. Page 32

DOLLAR improved in quiet trading. It rose to DM 2.817 (DM 2.811), FFr 8.6175 (FFr 8.5975), SwFr 2.253 (SwFr 2.241) and Y234.7 (Y234.55). Its Bank of England trade-weighted index went up from 131.6 to 131.8. In New York it closed at DM 2.8105, Y234.6, SwFr 2.248 and FFr 8.5985. Page 33

STERLING closed 65 points down at $1.4015. It also fell to DM 3.95 (DM 3.96), FFr 12.075 (FFr 12.1025) and Y329.25 (Y330.5), but rose to SwFr 3.16 (SwFr 3.1575). Its trade weighting eased from 81.9 to 81.8. In New York it closed at $1.404. Page 33

LONDON: FT Industrial Ordinary index eased 0.8 to 831.4. Some government securities showed marginal falls. Report, Page 27; FT Share Information Service, Pages 28, 29

WALL STREET: Dow Jones index closed 0.94 down at 1,220.58. Report, Page 23; Full share prices, Pages 24-26.

TOKYO: Nikkei Dow index slipped 39.63 to 10,196.1. Stock Exchange index eased by 0.92 to 777.04. Report, Page 23; Leading shares, other exchanges, Page 26.

CHINA will start building a nuclear reactor near the Hong Kong border in March. Two Peking-owned banks in Hong Kong, Sin Hua and Po Sang, have set up a stockbrokers, Chung Mao (China Trading) Securities.

U.S. STEEL announced a record loss of $1.2bn for 1983, but said it expected a significant turnround this year. It cost $1.15bn pre-tax to close plants in Chicago and Pennsylvania. Page 14

SONY of Japan, one of the world's leading makers of electrical goods, which reported its first drop in sales and profits, faced a 13-hour annual meeting attended by a critical audience of 400 shareholders. Page 16

R. J. REYNOLDS, the U.S. conglomerate, is to introduce its Camel brand cigarettes to the Japanese market. Page 4

HDW, West Germany's largest shipyard, lost DM 210m ($74.4m) in the year ended September. Page 15

# Japanese current account surplus trebles to $21bn

BY JUREK MARTIN, FAR EAST EDITOR, IN TOKYO

**Japan's current-account surplus more than trebled last year to reach a record $21.02bn, compared with the $6.85bn for calendar 1982. The dominant factor was a merchandise trade surplus of $31.65bn, another record, up from $18.08bn in the previous year.**

That was the result of a 5.6 per cent rise in exports to $145.43bn and a 4.9 per cent decline in imports to $113.78bn.

The surpluses have become a matter of some political embarrassment to Japan in its international economic relations. Aside from bilateral negotiations with its main trading partners, especially the U.S., Japan is hoping that, as the domestic recovery gathers steam, more imports will be sucked in and that at least the surpluses will not grow much bigger.

But there was only partial evidence to support that hope in the figures, also released by the Ministry of Finance yesterday, covering last December.

They showed that although imports jumped sharply by 10.8 per cent (to $11bn) compared with November, exports soared by an even more dramatic 19.5 per cent to $14.87bn.

That translates into a trade surplus for December of $3.86bn and a current-account surplus of $3.32bn, both, again, individual monthly records, and both well up on the $2.12bn and $868m recorded in November.

For the whole of last year, the country's basic balance showed an $11bn-plus turnround, from a deficit of $8.12bn in 1982 to a surplus of $3.23bn in 1983. The deficit on invisibles was slightly lower, at $9.06bn, while the long-term capital outflow rose fairly modestly, at least in comparison with the trade figures, to $17.8bn from $15bn. In December, the basic balance was in surplus by $1.43bn compared with a deficit of $544m the previous month.

The Ministry of Finance also released yesterday a detailed breakdown of Japan's export and import performance, which, although calculated on a customs clearance basis that differs from the balance of payments figures, show why Japan has recorded its surpluses and where and what it has sold most effectively.

Thus the decline in imports reflects chiefly a 13.4 per cent drop in the value of crude oil purchases, to $40.06bn. Easily the biggest sectoral increase in imports was achieved by aircraft, up 68 per cent, followed by finished light industrial oil, up 25.9 per cent, semiconductors, up 21.7 per cent and indicative of the worldwide supply shortage, several agricultural products, including corn, soyabeans and fruit, and, interestingly, cars – although a 15 per cent advance still left foreign car imports worth only $435m, or under 2 per cent of the value of Japanese car exports.

On the export side, significant growth was achieved by office equipment, up 63 per cent in value semiconductors, up 38.9 per cent,

**Continued on Page 14**

**ECGD future scrutinised; Tokyo pressed on imports, Page 4**

# UK companies report surge in recovery

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

BRITAIN'S recovery appears to be moving into a higher gear, with a long-awaited revival of investment and exports, the Confederation of British Industry's latest survey of companies suggested yesterday.

The employers group's quarterly trends survey of 1,730 manufacturing companies showed improved optimism with quite marked increases in orders and output. Companies' response in January to the survey question about new orders was the most positive for 5½ years.

Perhaps more significantly, the survey shows that the recovery is spreading from the sectors of industry making consumer goods to those supplying capital equipment. It also suggests that business investment plans are picking up considerably faster than the CBI and other forecasters expected. The rise in investment suggested for 1984 would be the first for five years.

The survey also suggests that productivity is continuing to rise substantially faster than at a similar stage in any economic cycle since the war.

This latest survey also gives grounds for optimism that British exports will help to boost the recovery in 1984, although the CBI remains cautious about this. It says that the recovery in Europe now seems somewhat stronger than it previously thought, with the prospect of a 2 per cent growth in output this year.

This is the fourth consecutive quarterly survey that has pointed the way to recovery, but this latest, with its evidence of increasing investment and exports, gives the most support to the Treasury's view that recovery will be sustained and strengthened this year.

In November, the CBI, with many other independent forecasters, feared that the British recovery might run out of steam this summer. It feared that the consumer boom would end without giving way to a more sustained phase led by investment and exports.

Yesterday, however, Mr David Wigglesworth, deputy chairman of the CBI's economic situation committee, said the January survey suggested that the recovery would continue this year and perhaps into 1985.

**Details, Page 7; Editorial comment, Page 12; Lex, Page 14**

# Troubled engineer John Brown abandons machine tool sector

BY IAN RODGER IN LONDON

JOHN BROWN, the troubled UK engineering group, is pulling out of machine tool manufacture and has made an extraordinary provision of £37m ($51m) to cover the cost of this and other disposals arising from a new business plan.

The provisions reduce John Brown's equity base to about £40m, compared with net borrowings of roughly £130m.

Sir John Cuckney, the chairman, said the group had reached an agreement with its bankers that "should ensure adequate time and facilities to implement our recovery strategy." Sir John took over from Sir John Mayhew-Sanders as chairman last July.

In their explanation for the withdrawal from the machine tool business, the John Brown directors said that "to remain competitive in the future, further significant investment would be required, the payback on which may not be seen for some years."

This, and other factors, "when tested against our position in the market and the requirement for John Brown to set priorities for the allocation of funds and other resources, led us to the conclusion that we should withdraw from the machine tool business."

The group reported a pre-tax loss of £9m in the first half of its year to March 31, 1984 and has forecast a pre-tax loss of £6m for the full year compared with a loss of £8.6m in 1982-83.

Under the new business plan, John Brown will concentrate on three core businesses: process plant engineering and construction, plastics machinery and what it calls developing technology.

These are areas in which the group claims an established position, in which the products or the markets have growth potential and *the funding needs are within the* group's means.

The developing technology sector consists of three small operations. CJB Developments, based in Portsmouth, supplies sophisticated fluid systems, such as life support equipment for nuclear submarines. UDI in Aberdeen makes underwater systems, mainly for the offshore oil industry. John Brown Automation makes automatic assembly systems for factories.

The directors aim to withdraw from the loss-making machine tool and cutting tool sectors by the end of 1984. Other non-core businesses will be sold as opportunities arise. The fate of the big gas turbine business on Clydebank remains uncertain. The directors envisage either selling it to a major manufacturer of electrical equipment or entering a joint venture with such a company.

Mr Allan Gormly, managing director, attributed the group's downfall in the past two years to an ill-timed expansion in the U.S.

"With the benefit of hindsight, you can see that we bought too much too quickly and we bought at the peak of the cycle."

The group acquired Leesona, a U.S. manufacturer of textile and plastics machinery in 1980 for $80m and Olofsson, a U.S. machine tool maker, in 1981 for $44.4m.

These acquisitions were financed largely with dollar borrowings.

**Lex, Page 14**

# Botha to withdraw Angola forces

By J. D. F. Jones in Cape Town

SOUTH AFRICA is to begin to disengage its forces from Angola immediately, Mr P.W. Botha, the South African Prime Minister, announced yesterday. If successful, the move will lead ultimately to a ceasefire in Angola and neighbouring South African-ruled Namibia (South West Africa).

At the same time, Mr Botha called on the political leaders of Namibia urgently to find an acceptable solution to bring the territory to independence, declaring that South Africa was "no longer prepared to shoulder the tremendous financial burden of South West Africa alone."

The decision had been taken, he told the South African parliament, on the basis of assurances from the U.S., although he later declined to say what the assurances were. His statement follows the weekend visit to Cape Town by Dr Chester Crocker, the U.S. Assistant Secretary of State, and earlier contacts between officials of the U.S. and Angolan governments.

The disengagement move is the first positive step in many months to reduce the level of conflict in the region, and to allow negotiations for a settlement in Namibia to resume.

The South Africans' original proposal last December for a disengagement suggested a trial period of the month of February, but there was no reference in Mr Botha's long statement yesterday to a time limit. This seems to reinforce the American hope the ceasefire will hold long enough to allow a resumption of the long and complex Namibian talks.

Mr Botha warned that the disengagement must not be "exploited at the expense of the security of the inhabitants of South West Africa." However, he referred to the possibility of trilateral talks between South Africa, Angola and the U.S. to take the process further.

Observers point out that the chances of peace and independence for Namibia, with the withdrawal of South Africa behind the Orange River, depend on the ability as well as the willingness of the Angolans to restrain the forces of the South West African People's Organisation (Swapo) from taking the chance to infiltrate south from their Angolan bases.

Dr Crocker has presumably passed on to the South Africans assurances of Angola's good faith. Meanwhile, it is noteworthy that the South Africans have not with-

**Continued on Page 14**

**Editorial comment, Page 12**

# Report urges Washington to aid industry

BY STEWART FLEMING IN WASHINGTON

THE U.S. Government should put more emphasis on the need to "arrest a long-term decline in the strength of the manufacturing sector," according to a study commissioned by several of the largest U.S. blue-chip multinational companies.

The report released yesterday by Data Resources, one of the top U.S. economic forecasting concerns, was financed by American Telephone and Telegraph, Eastman Kodak, Ford Motor, Bethlehem Steel, Burlington Industries, Deere, Du Pont, Goodyear Tire & Rubber, and Texaco.

It calls on Washington to adopt policies designed to:

- Reduce the cost of industrial capital;
- Lower the exchange rate of the dollar to the level more consistent with relative cost positions;
- Strengthen U.S. international trade policies;
- Establish monetary and fiscal policies to achieve a more stable and sustainable pattern of economic growth; and
- Preserve the U.S. lead in high-technology industries.

The report will be seen as part of the intensifying debate in the U.S. over what has been tagged "industrial policy." The term encompasses a wide range of ideas, but it reflects fears that leading U.S. manufacturers are threatened by increasing international competition because Washington is paying too little attention to their needs in formulating economic, social and trade policies.

The Democratic Party has been most vocal in calls to address the industrial policy issue. The Business Roundtable, an organisation encompassing the chief executives of more than 100 of the largest U.S. multinational groups, is also expected to release a statement on the question before the presidential election in November.

The Data Resources report takes as its starting point the thesis that "the decline of U.S. manufacturing industry is a major development in our history" and that it is dangerous because "to bet the future of our economic system on a service economy is a high-risk gamble not likely to prove successful."

It then maintains that "national economic policy has failed to consider the need for manufacturing industries in critical decisions affecting budget deficits, interest rates and exchange rates."

It claims, for example, that domestic tax and regulatory policies and incentives have diverted the nation's savings from productive in-

**Continued on Page 14**

# Economic indicators rise 0.6% in U.S.

BY OUR WASHINGTON CORRESPONDENT

THE U.S. index of leading economic indicators resumed its climb in December, rising 0.6 per cent, the Commerce Department said yesterday. In November the index fell by a revised 0.2 per cent.

The upward trend in the index from September 1982 until November foreshadowed recovery from the worst postwar U.S. recession.

Over the past year, the index has shown a steady decline in the pace at which it has been rising from an increase of 5.9 per cent in the first quarter of last year to a rise of 2 per cent in the fourth quarter.

The December rise of 0.6 per cent was accompanied by rises in both the coincident and lagging indicators which the Commerce Department monitors.

Mr Robert Ortner, chief economist at the Commerce Department, said: "What has been going on in the index in recent months is consistent with moderating growth in the economy, but there is no sign the economic expansion is fizzling out."

Monetarist economists have been warning that a sharp slowdown in economic activity lies ahead, perhaps as early as the second quarter. However, optimists consider that the 4.5 per cent increase in real economic growth, reported by the Commerce Department for the fourth quarter, tends to understate the strength of the domestic economy. That is because of the serious drag on domestic economic activity stemming from the deterioration in the external trade balance.

Sales of new houses surged by 28.5 per cent in December, the biggest monthly increase since 1983,

**Wall Street Stock market, Page 23**



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# EUROPEAN NEWS

## UK poultry import curbs condemned

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Court ruled yesterday that Britain was failing its obligations by maintaining legislation that requires imports of poultry products into England, Wales and Scotland to be subject to individual licences. This was not justified by "any circumstances" affecting the health of animals or humans, said the Court.

It also ruled against UK measures applied between September 1981 and July last year imposing licensing requirements on imports of heat treated egg products from other member States which permit vaccination against Newcastle disease, a form of fowl pest.

The ruling was seen as a timely reminder that EEC governments must tread warily when they seek to use animal health requirements as a justification for controlling farm imports from other Community countries.

In July 1982 the Court had found that the ban the UK had placed on poultry imports the previous September was for commercial and economic reasons and not health grounds as the UK had claimed.

The European Commission is also currently investigating France's limitation on the number of border posts through which live and slaughtered animals may be imported.

**Reuter adds from Paris:** A French Agriculture Ministry spokesman yesterday denied that the reduction in the number of border posts where live cattle, pigs and fresh meat could enter France was a protectionist measure.

He said the cut introduced on Sunday to 80 from 150 entry points was solely designed to improve health controls.

## Council of Europe likely to admit Turkish delegates

BY OUR BRUSSELS CORRESPONDENT

TURKEY LOOKS likely to be allowed a cautious re-entry into the West European democratic "family" tomorrow when the Council of Europe's parliamentary assembly votes on whether to admit a Turkish delegation.

Turkish representatives have been excluded from the assembly in Strasburg since the military coup led by the then General, now President, Kevan Evren in the autumn of 1980. Twelve members of the new Turkish Parliament elected last November arrived at the beginning of the week and have been attending committee meetings even before the full assembly votes on a resolution jointly produced by its legal and political committees.

This is expected to go through tomorrow, subject to some minor amendments. The resolution purports to be an interim decision in view of the fact that full human rights have not yet been restored in Turkey despite the recreation of democratic institutions.

It favours allowing the Turkish delegation to take its place in the assembly although the wording is vague as to whether the Turks will be granted full participation.

● Mr Turgut Ozal, the Turkish Prime Minister, yesterday renewed his pledge to open up the country's industry to limited foreign competition and press ahead with structural reforms of the economy.

Speaking in a television broadcast intended to explain government policy to the nation, Mr Ozal said ordinary Turks had as much right to expect quality products from industry as industry did to expect protection.

He also promised to keep interest rates for depositors above the rate of inflation. He said that the Government had been forced to make a round of price increases in January rather than allow the budget deficit to grow to unmanageable proportions.

## Fibre optics plant hitch

BY JOHN DAVIES IN MUNICH

WEST GERMAN companies which propose to set up an optical fibre manufacturing plant in West Berlin are trying to persuade the Federal Cartel Office to approve their joint undertaking.

Dr Karlheinz Kaske, chief executive of Siemens, said the five companies, far from abandoning their plan, wanted to dispel any doubts the Cartel Office might have.

Doubts about the plan have been strengthened because of objections raised by a small company, Wacker Chemitronic, which plans to set up a rival optical fibre plant in Bavaria. Wacker has been negotiating with American Telephone and Telegraph (AT&T) as a possible partner although it has said that Sumitomo of Japan is also willing to assist it if an agreement with AT&T is not reached.

Dr Kaske said there was only a limited market for optical fibre for cable communications in West Germany. For this reason Siemens was proposing to join forces with AEG, Kabelmetal, SEL and Philips to set up a single factory.

"We're going to make clear to the Cartel Office that this is a sensible thing," Dr Kaske said. France and Italy each had only one optical fibre production centre, he added.

## Push-barges delayed

BY WALTER ELLIS IN AMSTERDAM

MR RONALD GOSLITSKI, the British-born businessman who claims to head a syndicate devoted to revolutionising world transport, has asked for more time to produce the Fl 90m ($28.5m) to get his scheme off the ground.

He had assured the Amsterdam shipyard, NSM, that the Fl 90m would arrive by close of business yesterday. The money was to have been a down payment on a Fl 450m order for two prototype ocean-going barges. But in a personal telex, Mr Goslitski – whose company, Bonna Trading Ireland, is registered in Dublin – said that "due to the vastness of the operation" original plans for funding had been "set aside."

A promissory note for the Fl 90m was not honoured.

The operation, based on a type of push-barge weighing about 20,000 tonnes, is intended to cost Fl 300bn over the next 20 years, and NSM is to be lead-builder.

## U.S. denies proposing arms talks merger

By Anthony Robinson

MR RICHARD BURT, U.S. Assistant Secretary of State for European Affairs, yesterday emphasised that neither the Soviet Union nor the United States has proposed a merger between the strategic (Start) and intermediate nuclear force (INF) talks as a means of re-starting arms control negotiations at Geneva.

Speaking on a televised news conference with European journalists, Mr Burt said that the Soviet Union was reviewing its position following its walkout from the INF talks on November 23 in protest against initial deployment of new U.S. cruise and Pershing 2 missiles in Western Europe.

Washington was ready to discuss any new proposal that the Soviet side might come up with but, in the meantime, the U.S. view remained that separate INF and Start talks were "perfectly adequate," he said.

He warned against seeing any eventual merger of the two sets of talks as a panacea, because a merger in itself would do nothing to remove the principle stumbling blocks.

He listed these as Soviet refusal to accept any U.S. Euro-missiles as a counterweight to SS-20 missiles at the INF talks and Soviet reluctance to agree significant cuts in its biggest land-based missiles in the Start talks.

Mr Burt said that remarks made on Monday by General Edward Rowny, the chief U.S. negotiator at the Start talks, had been misinterpreted by some media as a hint that Washington was prepared to trade concessions in the Start talks in order to get the Soviet Union back to the INF negotiating table.

The trade-offs mentioned by General Rowny referred specifically to the Start talks where the respective nuclear arsenals of both sides were asymmetrical.

The U.S. had expressed its readiness to make trade-offs in areas of relative U.S. strength, like bombers and air-launched cruise missiles, provided the Soviet side was prepared to accept limitations on heavy, land-based missiles, where its main advantage lay, Mr Burt said.

Washington was convinced that there was no point in making concessions to the Soviet Union merely to persuade it to come back to the INF negotiating table at Geneva.

"We believe that the single most important incentive for the Soviets to continue the INF talks is the knowledge that, failing an agreement, Nato will go ahead with full deployment of the planned 572 missiles in Western Europe," he said.

Mr Burt's forcible re-statement of Washington's INF negotiating position came as Mr Ruud Lubbers, the Dutch Prime Minister, rejected calls from within his own Christian Democrat Party to delay the impending government decision on deployment of cruise missiles in the Netherlands.

The centre-left coalition government is scheduled to decide on the missile issue in June, three months before work is due to begin on constructing a bunker for cruise missiles near the southern Dutch town of Woensdrecht.

Mr Lubbers said the Christian Democrats must stick to the Nato timetable in order to honour commitments to the Liberal Party, its coalition partners. But a powerful Christian Democrat faction, led by defence spokesman Joep de Boer, opposes deployment, along with several left-wing parties.

FARMERS DEMAND RELEASE OF LEADER

## Threat of more violence in Brittany

BY PAUL BETTS IN ST POL de LEON

FARMERS IN Brittany are threatening another wave of violent protests if one of their leaders is not released from prison tomorrow. M Jean-Jacques Riou, vice-president of the Finistere young farmers union, was arrested for taking part in the attack by farmers on a government building in the port of Brest 10 days ago.

This was part of a series of increasingly militant protests by Breton pig farmers against the EEC's common agricultural policy and the removal of rail subsidies for farm produce in Brittany.

A truce was called last week after the Government announced measures to ease the financial plight of pig producers in Brittany. Most controversial of these was the reduction in the number of custom posts through which meat could enter France and a ban on health grounds of meat imports from the Netherlands.

The Breton farmers, however, returned from Paris at the weekend disappointed with their meeting with government officials. The new measures are widely regarded as a "quick fix" to calm the farmers. They packed the hall of the local agricultural chamber of St Brieuc on the north coast of Brittany on Monday to consider them. In a heated and militant climate, the verdict was that unless M Riou is freed, the protests will resume.

M Alexis Gourvennec, the charismatic farmers' leader in Finistere, sought to calm the more militant farmers whose businesses are threatened by the recent collapse of pig prices. But he also said that pressure must be kept up to force the Government to adopt a tougher stance against the CAP system of monetary compensation amounts (MCAs) which even out the effect of currency fluctuations on farm price subsidies.

"These are the real cancer," M Gourvennec said. "If they are not abolished, the entire agriculture of Brittany risks collapsing." Other farmers' leaders were talking of marching to the prison of Nantes to release M Riou if he is not set free by tomorrow.

Pig prices collapsed at the beginning of the year to below FFr 10 a kg. Farmers claim they need FFr 11.50-FFr 12 to break even. Production has intensified in recent years, but Breton farmers say the MCA system gives an unfair advantage to Dutch and West German producers and encourages them to flood the domestic market. The Bretons who rely heavily on imported feedstuffs have also been particularly badly hit by the fall in the value of the franc against the U.S. dollar.

## France looks to step up electricity exports

BY DAVID MARSH IN PARIS

ELECTRICITE de France, the French state utility, is at an "advanced stage" of talks on selling around an annual 1bn kilowatt hours of electricity to the Netherlands under a long term supply contract, according to EdF officials in Paris.

The plan forms part of France's overall strategy of boosting electricity sales to neighbouring countries as an outlet for expected surplus capacity of energy generated by the country's nuclear power stations.

Net electricity exports—concentrated on West Germany, Switzerland, Italy and Spain—rose to more than 13bn Kwh last year from 4bn Kwh in 1982. EdF hopes to build up to around 15bn Kwh this year and to 20bn Kwh by 1990.

France is also discussing an increase in sales to West Germany, where the state authorities of Baden Wuerttemberg have recently been involved in negotiations. EdF is talking, too, with Britain's Central Electricity Generating Board about enlarging the two-way cross-Channel link. This allows daily "swapping" of electricity to smooth out peak demand periods in each country.

But EdF officials say Britain is becoming open to the idea of being a net permanent importer of surplus French electricity.

The Netherlands has been a key target for French efforts to increase energy exports. Last week, the Dutch Government was urged by an official enquiry to add no more nuclear plants to the two it already has.

## Italy's old warriors stay home

By Alan Friedman in Milan

ITALY'S POLITICIANS, art historians and dinner party devotees lost their favourite subject of conversation yesterday. The blow to Italian gossip has come in the form of a decision by Prime Minister Bettino Craxi not to send two of Italy's most prized art treasures to an exhibition in Los Angeles which coincides with this summer's Olympic Games.

For weeks now, armchair intellectuals have been debating whether to send the spectacular Riace bronzes, two statues of naked Greek warriors dating from the fifth century BC.

The row has reached the realm of national politics where, in the best tradition of Italian melodrama, politicians from all parties have been busily opinioning on the subject.

It all started some weeks ago when it emerged that Sig Craxi favoured the idea of shipping to California the art treasures which were discovered 12 years ago by a diver off the coast of Calabria. The idea was to take advantage of a supposed American upsurge of interest in things Italian.

It was argued that the bronzes, normally housed in a little museum in Reggio Calabria, could help boost Italian exports to the U.S. and were generally good for Italy's image.

Art experts and politicians from parties such as the Communist and Republican countered the proposal, however, by saying it was folly for Italy to send what are really Greek statues as a symbol of Italian culture. The row escalated when some experts warned that the bronzes might be too fragile to ship and could break in transit.

Sig Craxi has now taken the advice of a special panel of eight art historians who say the whole idea would be too risky for the delicate statutes. Going instead will be a much safer, and less controversial exhibition, which is truly Italian: "Three thousand years of Italian history—from Etruscans to robots."

## Woerner expected to keep job

BY RUPERT CORNWELL IN BONN

HERR HELMUT KOHL, the West German Chancellor, last night met Herr Manfred Woerner privately for the third time in two days, amid strong signs that he intends to keep his beleaguered Defence Minister in office.

No official confirmation was available yesterday evening, but two considerations seemed to be pushing the Chancellor towards avoiding a move which might spark a chain reaction of disruptive changes in his cabinet.

The first was opposition to the sacking of Herr Woerner from influential cabinet members from his own Christian Democrat Party (SDU), despite their complaints of the way the minister had handled the controversial dismissal of General Guenter Kiessling just before the New Year.

The second, without doubt, has been the profound unease of the Free Democrat Party (FDP), the junior partner in the centre-right coalition, over the consequences of such a move.

The FDP's fear all along has been that the departure of Herr Woerner would create irresistible pressure for the removal from office of Count Otto Lambsdorff, the FDP Economics Minister, who has been indicted in the so-called "Flick affair."

This would provoke exactly the sweeping cabinet change demanded by Herr Franz Josef Strauss, leader of the Christian Social Union, the third coalition party. The containment of the ambitions of Herr Strauss, with whom the Chancellor conferred yesterday, has been a constant preoccupation of Herr Kohl throughout the Kiessling/Woerner affair.

The indications last night were that a key element in any painless settlement of the crisis would be the "rehabilitation" of the general, after his peremptory removal by the Defence Minister, on the grounds that supposed homosexual leanings made him a security risk.

## Hungarian paper warns against Western wiles

BY DAVID BUCHAN IN BUDAPEST

ONLY DAYS before the arrival of Prime Minister Margaret Thatcher in Budapest, the official Communist party newspaper has warned that Western praise of Hungary might be an "anti-socialist stunt" to divide Soviet bloc countries.

The article in Nepszabadsag gave the example of Western praise of plentiful commodities available in Hungary, angering, say, the Poles who are struggling with supply difficulties for evident reasons.

Hungary has assiduously cultivated ties with Western countries, themselves attracted by the Government's economic reforms and relative political moderation. In addition to the visit of Mrs Thatcher, who arrives tomorrow for two days of talks with Mr Janos Kadar, the veteran party chief, and Hungarian ministers, two other European leaders, Helmut Kohl of West Germany and Prime Minister Bettino Craxi of Italy are due in Budapest soon.

The newspaper comment stems from an evident desire by the Hungarian leadership to head off any criticism by its allies that Budapest is playing host to those Western leaders who have been the most co-operative in new U.S. missile deployment. Hungary has also been sensitive about Western enthusiasm for its economic reforms, the most developed in the Soviet bloc.

## Italian steel discussed

BY ALAN FRIEDMAN IN MILAN

VISCOUNT Etienne Davignon, the EEC industry commissioner, and Prime Minister Bettino Craxi in Rome yesterday to discuss Italy's steel quotas. The meeting, which was scheduled to begin last night was expected to cover the Italian Government's response to the Commission's request for a 4.8m tonnes reduction in the public sector and 1m tonnes in the private sector.

Although Finsider, the Italian state steel company, has a plan to reduce overall production, it is expected soon to re-open the Bagnoli complex near Naples as a result of Italy's negotiations with the EEC.

Also meeting to discuss steel yesterday were leaders of the three main unions and Sig Clelio Darida, Minister for State Participations and Sig Renato Altissimo, Minister of Industry.

## Hard-line pressure on Jaruzelski

By Christopher Bobinski in Warsaw

**The latest Soviet blast aimed at General Wojciech Jaruzelski's pragmatic supporters in the Polish establishment, has reinforced the position of hard-line critics who have been pressing home the themes of the Soviet attack at closed party meetings.**

**The attack came in the form of an article published last month in Woprosy Filosofii, a theoretical journal criticising the views of Professor Jerzy Wiatr, head of a Polish Communist Party research institute, as "nihilistically critical."**

**Tass, the Soviet news agency, reported the article at the end of December, underlining its importance for the Polish leadership and for the rest of Eastern Europe. The Polish media, however, failed to follow suit or to comment on the article.**

**The article signals continuing Soviet displeasure at the "novelties" which Gen Jaruzelski's policies still contain. These include talk of institutional reforms, relative freedom of criticism in the media and the continuing dialogue between the Government and the Church.**

**Mr Jozef Lenart, a writer, and Mr Marian Kuszewski, the deputy chief of Trybuna Ludu, the party newspaper, later attacked Prof Wiatr at a meeting of delegates representing the 140,000-strong Warsaw party organisation.**

**A weekly newspaper associated with Gen Jaruzelski which has also been recently criticised in the Soviet Press also came under fire from speakers. The criticisms are now being repeated at meetings of party cells in Warsaw.**

**Breaking with established tradition Gen Jaruzelski, who is also party leader, failed to attend the Warsaw meeting. His supporters say it was a snub to the Warsaw party organisation, while his hard-line critics claim that he was afraid to face criticism of his policies.**

**The Warsaw delegates gave a long ovation to Mr Stanislaw Kociolek, an avowed conservative, once the party first secretary in Warsaw and now Polish Ambassador in Moscow.**

**In secret voting for party posts, however, the delegates still supported the present Warsaw first secretary, Mr Marian Wozniak, who is identified as a Jaruzelski supporter. This shows that the hardliners are still not strong enough to mount an all-out challenge to the General.**

## Europe bids for space partnership with U.S.

By Peter Marsh

WEST GERMANY and Italy have emerged as the West European countries to respond most positively to U.S. plans for a space station unveiled by President Ronald Reagan.

They want Europe to have a stake in the $8bn orbiting base, which the National Aeronautics and Space Administration says can be ready by the early 1990s. But they are insisting that Europe enters any collaborative project as partners with the U.S.

If the terms are not right, according to one official in West Germany's Research Ministry, Europe should go it alone.

The two countries have joined forces on a project called Columbus which aims to convert existing European-developed hardware into components for a space station. The cost, say West German space planners, would be $1bn-$2bn.

The scheme would go ahead under the auspices of the 11-nation European Space Agency.

In his State of the Union address last week, President Reagan approved Nasa's plan to build a network of modules in orbit about 500 km above the earth. In the weightlessness of space engineers could turn out exotic materials difficult or impossible to produce on earth.

Each module would probably look like a giant dustbin with room for several people. They would house scientific experiments and prototype space workshops in areas such as crystal growth and the production of enzymes and alloys.

The President invited Western Europe, Japan and Canada to collaborate in building the station. Signals from this invitation in the Soviet Union, which has constructed seven stations since 1971, the last two of some sophistication.

### Cosmonauts

These Salyut space bases can accommodate up to five cosmonauts. People have lived and worked in them for up to seven months.

Salyuts 6 and 7, the last two stations, have two ports with which other space vehicles can dock. But Western analysts believe that within two years the Soviet Union will launch a much bigger one with up to six ports. This could act as the hub of a network of modules for jobs similar to those the U.S. is considering.

Despite what appears to be a Soviet lead, Nasa officials say the U.S. is "10 years ahead" in the technology of launching and operating space stations because of advances in electronics, materials and instruments.

The U.S. also has the space shuttle, a re-usable vehicle built for conveying objects to and from a few hundred kilometres above the earth. By contrast, the Soviet Union has to take into orbit different sections of its space stations with expendable rockets.

Although ordinary rockets are cheaper at present, Nasa planners believe that the re-usable craft will emerge as the more cost-effective by the end of the decade.

The shuttle would need half a dozen trips to ferry the station's components into orbit where astronauts would weld them together.

Nasa says private companies—or even governments—could provide different modules. For example, a pharmaceuticals company could build and operate one to turn out chemicals.

### Independent

Western Europe could provide its own sections of the station and operate them independently.

In the Columbus project proposed by West Germany and Italy, engineers would turn into parts for a space station the Spacelab modules that Western Europe has already developed at a cost of $750m.

Spacelab, a canister full of experiments with room for several people, made its maiden flight in the cargo bay of a space shuttle last November. But space engineers in Europe are bitter that, under the terms of a 1973 agreement, they had to hand Spacelab to the U.S. after the maiden flight.

To use the hardware again could cost Europe up to $150m, much of it paid to the U.S.

In future, said one official, Europe would insist on a more equal role. The issue will be thrashed out over the next few months. Mr James Beggs, the administrator of Nasa, plans a trip to Europe to discuss a joint effort.

Meanwhile, Herr Heinz Riesenhuber, the West German Minister for Research and Technology, wants to lead a delegation of European officials and engineers to present a united front to the U.S. Britain says it favours the plan and would provide some of the people in the group.

The closure of the Ford plant signals the end of the car industry, reports **Brendan Keenan** in Dublin

## Henry Ford's dream ends in nightmare for Ireland

IT IS said that Henry Ford established a car factory in Cork because his father, William, who emigrated to the U.S. in 1847, come from the area. The factory began by making the famous Model T and Model A, and went on to become the largest tractor factory in the world in the late 1920s. Its closure, which Ford says is inevitable, will mark the effective end of car production in Ireland.

The two remaining assemblers may not survive the end of this year. Motor Distributors, who assembled Mazda 323s, say the situation gets more difficult with each month that passes, and the Renault assemblers who build Renault 4s in Wexford, say they would like to get out of the business as soon as possible.

Although Ford came to Ireland for its own reasons in 1917, the existence of the Irish car assembly industry was effectively the result of protectionist legislation passed in the 1930s, under which severe quotas were imposed on the number of built-up cars which could be imported. If a manufacturer wished to sell in Ireland, he had to bring in knocked-down vehicles and assemble them locally.

The Irish motorist had to accept more expensive, and often badly built cars as a result, but the assembly industry did provide jobs. As late as 1979, over 2,000 were employed. The arrangement even survived the Anglo-Irish free trade agreement of 1966, when a special agreement involving British manufacturers allowed for a continuation of quotas.

But no such compromise was possible when Ireland joined the EEC in 1973. The best that Dublin could negotiate was a ten-year delay before restrictions on vehicle imports ended. The final date is December 31 1984.

During this period of grace, little has been done to prepare. In theory, any assembler who wished to cease operations before 1985 had an obligation to provide "acceptable" alternative employment for its workers, although not even this obligation will exist after 1985.

The first major crisis was in 1981, when Talbot announced it planned to stop assembling. Workers went on strike and picketed imports of Talbot cars. Mr Charles Haughey, the then Prime Minister, alarmed at the possibility of trade unionists being jailed, virtually put the Talbot workers on the public payroll until suitable jobs could be found.

Toyota had some success in creating new jobs through Killeen Investments, a company it set up to establish projects which could employ the skills of redundant assembly workers. At present workers are in dispute at the Irish assemblers of Nissan cars over a threat to that operation.

Mr Haughey . . . alarmed at Talbot strike

All of this could have been anticipated by successive governments as 1985 drew near, but there was reason to believe that Ford might prove to be an exception. In 1979, Mr Patrick Hayes, managing director of Ford in Ireland, said Ford did not believe the assembly industry was doomed.

"As long as we keep our quality and costs in line, all these jobs (in Cork) are safe," he said. There was further evidence that Ford planned to stay when it invested I£9m (£7m) two years ago to retool the Cork plant for production of the Sierra model.

Ford has been reticent about the reasons for its change of heart but industrial costs must have been a factor. Last year alone, hourly earnings in Irish industry rose by over 11 per cent, compared with 8 per cent in Britain and 3 per cent in West Germany.

High taxes on both incomes and cars have caused a near-collapse in the market. Sales have fallen 40 per cent in the past three years and are at their lowest level since 1975. On top of that, Ford believes the run-down of the assembly industry has been mishandled, giving advantages to its competitors in recent years.

The Cork plant was exporting most of its 80 car-a-day output to Britain, so its competitiveness was doubly important.

As Ford's smallest operation, it was also important that Sierra production lines in bigger, more efficient plants in other countries were fully utilised. If this was not the case, as many in the industry believe, the Cork plant was almost certainly doomed.

The strongest argument which Government Ministers have against Ford is what happened when General Motors, Ford's main rival, stopped assembly almost a decade ago. GM provided 350 alternative jobs by establishing a components plant, Packard Electric, outside Dublin. Now, more than 850 are employed and further investment is planned.

Mr Hayes, on the other hand, can claim that the alternative employment provision has gone by the board with other companies, such as Fiat, which reached agreements with their redundant workers including a free car and generous severance payments.

A Ford closure will be a considerable blow to Ireland, and to Cork in particular. Ford spent about I£12m buying goods from other Irish companies whose own futures may now be at risk. The concern shown by senior ministers reflects, not only the economic effect, but the fact that the present Government is in office largely because it persuaded the voters of Cork away from their traditional allegiance to the opposition Fianna Fail party.

Government hopes are pinned on an alternative components plant. Ford, ominously, has already said that it has investigated this possibility and found "in every case that somebody else could do the job more cheaply."

The repeated warning that Irish workers were pricing themselves out of jobs, has it seems, finally ended Henry Ford's sentimental monument to his Irish roots.

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# Anti-gover… marchers t… Manila's str…

BY EMILIA TAGAZA IN MANILA

THE anti-government move ment in the Philippines, which reached a peak late last year but has been more subdued recently, regrouped yesterday in its largest show of strength this year. Tens of thousands of Filipinos joined a 30-kilo-metre protest march into Manila, while many more cheered them on.

The military's hard-line stance on the march helped to drum up heavy support, especially in the business district of Makati, scene of last year's noisy anti-government rallies.

The march began as a marathon staged by opposition groups as a move to boycott the January 27 referendum which amended the Philippines constitution.

Only 300 participants joined the run, but at the boundary of metropolitan Manila, riot police stopped the participants, who then spent two nights considering their next move.

Publicity over the tension between the runners and the military attracted considerable interest, forcing the government to allow the marathon to continue.

The run covered a total distance of about 145 kms from Tarlac province, the birthplace of the assassinated opposition leader Benigno Aquino, to the tarmac of the Manila international airport, where he was shot dead last August.

Meanwhile, the Commission on Elections (Comelec) said it has tabulated most of the referendum votes, which showed approval of all the constitutional amendments presented for voting.

The proposals were designed to clear the controversial issue of succession to President Ferdinand Marcos, who has ruled the Philippines for 19 years.

Opposition groups, the powerful Catholic Church and businessmen's groups have demanded that Mr Marcos lay out a clear succession procedure at a time when the President's health is held in serious doubt.

# Saudi Arabia plans to build $250m ammonia plant

BY CARLA RAPOPORT

SAUDI ARABIA is expected to become a substantial exporter of ammonia by the end of the decade. According to officials of Saudi Basic Industries Corporation (Sabic), the group will shortly announce plans for a $250m ammonia plant to be built adjacent to the new industrial complex in Juabil.

The plant, which is expected to be onstream in 1987, will be jointly owned by Sabic and Safco, the Saudi Arabian Fertilizer Company.

The new plant is projected to have an output of between 130,000 and 150,000 tonnes of ammonia a day. Sabic officials said that engineering and feasibility studies for the project are expected to be completed by end of this year.

Sabic also expects that contracts for a butene, MTBE and butadiene plant will be signed by the middle of 1984.

● Britain has offered to sell Saudi Arabia unspecified "advanced" arms and the kingdom will study the offer, the Saudi Defence and Aviation Minister said yesterday, AP reports from Riyadh.

Prince Sultan Bin Abdel-Aziz made the statements after seeing off Mr Michael Heseltine, the British Defence Secretary, following his two-day visit to the Saudi capital. Mr Heseltine left for a tour of the King Abdel-Aziz naval base.

The official Saudi Press Agency also said that Britain had offered "all types of arms it possesses" for sale to Saudi Arabia.

The Saudi Minister had earlier mentioned the possibility of his country obtaining British-made Lightning warplanes.

# …orean …pping …mpanies in …rip of crisis

By Ann Charters in Seoul

KOREA'S 69 shipping companies, hit by the recession, are struggling to survive. They have until the end of next month to come up with proposals for mergers or new operating companies in a major nationalisation of the industry.

The Korea Maritime and Port Administration says that operating losses for the industry totalled 102bn won (£90m) in 1982 and estimates similar losses last year. The companies' capital totalled 320bn won at the end of 1982.

Between 50 and 70 per cent of the companies are thought to be facing severe financial difficulties, and the KMPA estimates that as many as five are one step away from bankruptcy. A full report on the indebtedness and financial condition of each company is due from the banking sector shortly.

Some shipping companies may opt not to join the Government-prompted reorganisation. Seven companies have declined to furnish banks with financial information according to maritime authorities, although one is reconsidering.

Joining the scheme is not compulsory, but the incentives make refusal difficult. Tax benefits, five-year moratoriums on the repayment of loans from domestic banks, assistance in meeting interest payments on foreign loans used to purchase ships, priority for carrying cargoes under the semi-control of the Government, and an extended grace period of five years for new ships built domestically with Government loans are attractive benefits to a suffering industry.

The price of participation is taking part in an approved merger of several companies or a joint operating company which charters its members' vessels, which would also become a merger after two years. In either case, a shipowner salvages his company at the cost of losing its independence.

The Government has stepped in with the rationalisation plan, according to Mr Choi Hoon, director-general of the KMPA's Bureau of Marine Transport, to try to push the industry to reduce competition over scarce cargoes.

# Peace at a price for feuding Tunisian regime

BY FRANCIS GHILES RECENTLY IN TUNIS

PEACE has returned to Tunisia after the worst rioting since independence left at least 120 dead and considerable damage to property. But the authority of the country's leaders, 83-year-old President Habib Bourguiba and M Mohammed M'Zali, his prime minister, has been dealt a serious blow.

Tunisia's reputation for stability and sensible economic management has been badly dented, both in the West, and in the Middle East which has recently provided substantial aid, loans and investment for the country.

As much as one third of the $13.2bn investment budgeted for during the Sixth Economic Development Plan (1982-86) is expected to come from abroad, half from richer Arab countries.

The dismissal of M Driss Guiga, the former interior Minister, less than 24 hours after President Bourguiba's decision to rescind the bread price rises which sparked off the riots, revealed the depth of infighting over the succession to the ageing head of state.

Although allegations against M Guiga are exaggerated, the reluctance of the former Minister to tighten security after the first disturbances were reported in the south late in December, suggests that he had failed correctly to measure the depth of resentment at the price rises.

But the reason why he failed to tell the Prime Minister and President that gangs of youths were running amok in Tunis, burning, looting and raping on January 3 was not incompetence. M Guiga's close political alliance with the President's powerful wife, Wassila, has convinced many Tunisians that he was hoping to replace the Prime Minister. There is no love lost between Mme Bourguiba and M M'Zali.

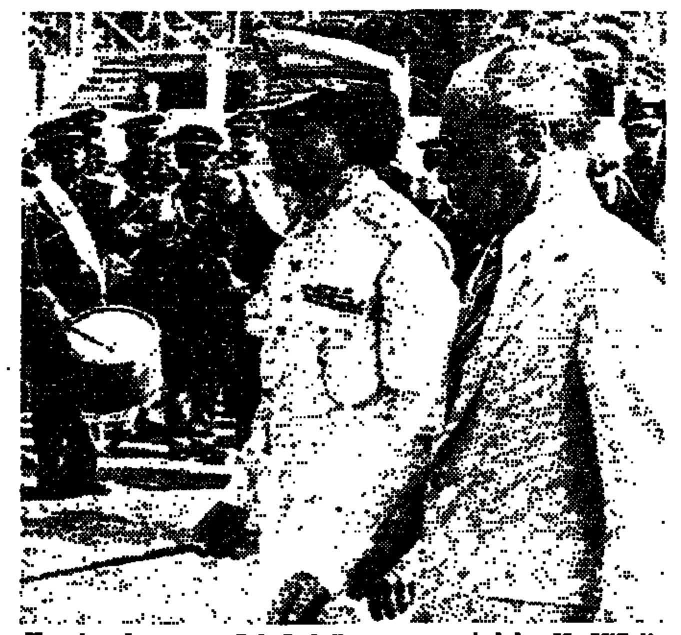
There are other reasons explaining why the rioting, which spread through the whole country, took such a violent turn in Tunis, Sfax, Gafsa and El Kef. The tactics used by demonstrators in Tunis were reminiscent of those used in Tehran in 1978-79 before the overthrow of the Shah. The pressure from Islamic fundamentalist groups in Tunisia has been growing since then.

Last year, for the first time, a group of junior army officers stood trial on charges of propagating religious ideas in the armed forces while another group of young fundamentalists were imprisoned for allegedly planning to blow up foreign cultural centres in Tunis.

The Tunisian hinterland has not benefited much from the economic development which has lifted the average per capita income to just over $1,000. Civil service jobs, industry and large tourist developments have brought new wealth to coastal cities such as Tunis, Sfax, Gabes and Monastir, the President's birthplace, on which every luxury has been lavished and whose citizens enjoy free access to jobs, including senior positions in the civil service and state companies.

Gafsa in the South and El Kef on the Eastern border with Algeria are areas where the authority of central government has never been easy to maintain and life is hard.

The poor performance of agriculture, where production has stagnated or declined every year since 1976, has compounded the difficulties of those Tunisians, half the population, who live on the land and whose annual income is a fraction of that enjoyed by many in the cities. Forgetting these simple facts led to a fundamental misjudgement over the bread price rises.



Happier days . . . Col Gadaffy, accompanied by M. M'Zali in Monastir during an official visit last year.

Yet M M'Zali, a man of good will who has taken steps to democratise Tunisian political life, such as encouraging the President to grant official recognition to some opposition parties, was warned.

The subsidies on cereal-based foods account for 60 per cent of the overall Dinars 259m (£255m) cost of food subsidies in 1980. Cancelling them and doubling the price of bread at a stroke was akin to setting off a bomb, he and the President were told by M Azouz Lasram, the former Economic Affairs Minister.

Ironically, the financial need to remove the subsidies was not so pressing. Food subsidies amount to 20 per cent of GDP and the proportion of food imports in the total import bill is growing all the time. But Tunisia has not needed loans from the International Monetary Fund to bail it out, like so many Third World countries. A foreign debt burden of about $3.4bn, and a debt service ratio of 16 per cent are modest.

The country's trade deficit rose by 23.7 per cent to Dinars 738m during the first 10 months of last year and forced the Government last summer to limit the import of some raw and semi-finished goods to 80 per cent of 1982 volumes.

Creating 40,000 new jobs a year remains the Government's first priority, and is no easy task. There is the added embarrassment that Libya, whom Tunisia has accused of sabotaging the pipeline which carries Algerian oil to the Tunisian coast, and which already employs over 100,000 Tunisians, provided 9,000 new further 14,000 this year.

Southern Tunisia is increasingly beholden to the mercurial Colonel Gadaffi for its economic well being. After a poor performance in 1982 the Tunisian economy picked up last year, GDP growing by 4.5 per cent. That was 1.5 per cent below target but did allow industrial output to increase by 6 per cent.

Agricultural output, however, remained stagnant: ever since the socialist policies of Ahmed Ben Salah were aborted in the late 1960s, talk of reform on the land has been taboo.

The war of attrition over the succession has meant that Tunisia is in danger of losing some of the benefits the earlier years of the President's rule brought to the country. Last month's events have set a dangerous precedent: mob violence, has, for the first time since 1956, made the authorities change their minds.

The army, already called in to suppress rioting in 1978, may decide not to go back to the barracks next time. The middle classes—and Tunisia still boasts the most competent civil service in the Arab world—is frightened, disgusted by the intrigues of the court and scared of the mob.

Many people both inside and outside what has traditionally been a moderate, Western-leaning state have little sympathy for the present regime. If the authorities fail to learn the lessons of the rec…t riots, the auguries for Tunisia are not good.

# Lebanon to buy 35 tanks from U.S. at cost of $28m

BY PATRICK COCKBURN IN BEIRUT

LEBANON is to buy 35 M48A5 tanks from the U.S. for $28m. The 34,000-strong Lebanese army already has three tank battalions each with about 34 tanks and is equipping a fourth battalion.

U.S. training teams are trying to build up the Lebanese army to a total strength of 10 brigades with 60,000 men.

Beirut was calm yesterday after the fighting on Monday which left six dead including one U.S. marine and two Lebanese soldiers.

Amal, the paramilitary organisation which rules the southern suburbs, said that its militiamen had been forbidden to fire at the U.S. forces.

# Bangladesh poll block planned

BY SAYED KAMALUDDIN IN DHAKA

BANGLADESH'S TWO main opposition alliances have decided to block the rural elections planned for March 24, deepening political uncertainty in the country.

The 15-party and seven-party alliances have refused to participate in a political dialogue called for by President Hossain Mohammad Ershad, and want parliamentary elections to be held before any others.

The Upozilla Parishad (sub-district council) elections have assumed special significance because of the military regime's decision to decentralise the administration by giving the councils greater financial and administrative powers.

Gen Ershad, soon after assuming power in March 1982 promised to "bring the administration to the people's doorsteps."

Under the decentralised system, the Upozilla chairman will take over some of parliament's work, leaving MPs to concentrate on law-making.

He will also become a full time worker, supervising a few dozen officials.

# WORLD TRADE NEWS

## R. J. Reynolds to market Camel brand cigarettes in Japan

BY PAUL TAYLOR IN NEW YORK

R. J. REYNOLDS, the U.S. tobacco and consumer goods conglomerate, said yesterday that it is introducing its highly successful Camel brand into the Japanese market "as a major test of the openness of the Japanese market to American cigarettes."

The company said the introduction of Camel filters and Camel mild is the first by an American cigarette company since the relaxation of several restrictions on imported cigarettes by the Japanese Government last year. The relaxations followed complaints by U.S. cigarette manufacturers about a number of barriers to entry into the Japanese market —a market worth $10bn a year but one in which foreign brands have just a 2 per cent share.

Mr Lester Pullen, president and chief executive of R. J. Reynolds Tobacco International, described the launch of Camel, the sixth biggest selling brand in the U.S., as "the largest introduction of a foreign cigarette in Japan and one of the largest of any imported consumer product."

The sales drive will be concentrated in the Tokyo area and will be supported by a "substantial newspaper and television advertising campaign."

Mr Pullen added "Japan is the largest cigarette market in the free world outside the U.S., Camel is the fastest growing major international cigarette brand in the world. We are confident that Camel will be as big a success in Japan as it has been in other countries around the world."

Mr Richard Johnson, RJR Tobacco International's regional vice president in Asia and the Pacific, added that Camel is the company's worldwide flagship brand. Camel, originally introduced in the U.S. in 1913, succeeded in expanding its market share in 12 out of the top 15 international markets last year and is the fastest growing brand in Europe, according to the company.

Now Camel is sold in more than 90 countries and territories around the world. Sales last year of the brand outside the U.S. totalled more than 20m cigarettes for the third year running, making Camel one of the most widely recognised consumer products in the world.

Japan's decision last year to lift some of the controls over foreign cigarette sales in Japan —and to cut tariffs on imported brands, followed years of lobbying by the U.S. industry and extended negotiations between the U.S. and Japanese governments.

The U.S. manufacturers had charged Japan and the State-owned Tobacco and Salt Public Corporation, which controls cigarette sales and prices in Japan, with "blatant discrimination" against foreign brands in the market.

## EEC to press Tokyo on imports

BY PAUL CHEESERIGHT IN BRUSSELS

THE European Commission will later this week seize the opportunity of four-party trade talks in Florida to push its case for relaxation of Japanese import restraints on senior officials of the Nakasone Government.

Herr Wilhelm Haferkamp, the EEC's external relations commissioner, is meeting trade ministers from Japan, the U.S. and Canada to discuss the possibilities of an international negotiating round further to liberalise the trading system.

But besides that meeting, bilateral talks will take place at which the EEC and the U.S. are expected to tell Japan to moderate its growing trade surplus.

In that context Herr Hakerkamp will take the first chance available to him for urging directly the scheme which earlier this week he put to the Tokyo Government.

This scheme involves Japan accelerating tariff cuts agreed in the Tokyo Round of multilateral trade negotiations and, more radically, suspending for a period duties on the imports of manufactured goods.

More closely focused talks on particular problem products will take place next month in Tokyo when senior Commission officials meet their counterparts in the Japanese Government.

No Japanese reaction to the Haferkamp scheme has yet been received in Brussels; but officials note that the Nakasone Government has shown itself more sensitive to EEC trade problems than its predecessors.

The two sets of talks go to the centre of EEC preoccupations: access to the Japanese markets and concern about the growth of certain categories of exports to the EEC market.

The accompanying table shows that except where there are specific agreements—as, for example, in the case of video cassette recorders—the growth of Japanese exports has continued, leading last year to a $10.4bn EEC deficit on the Japanese figures, or $12bn if calculated on the EEC figures which are quoted cif.

Trade officials continue to worry that if access to the Japanese market is not seen to improve then there will be a protectionist backlash against Japanese sales in the EEC.

**THE SENSITIVE PRODUCTS**

% change: First 11 months 1983 over same period 1982.

| | To EEC | To U.S. |
|---|---|---|
| Passenger cars | + 22 | − 1 |
| Colour TVs | +·11 | − 2 |
| Colour TV tubes | + 12 | + 1 |
| Numerically controlled lathes | − 6 | − 29 |
| Machining centres | + 6 | + 12 |
| Video cassette recorders | − 9 | +106 |
| Motorcycles | − 20 | − 18 |
| Forklift trucks | + 18 | + 54 |
| Cassette decks | + 20 | + 37 |
| Battery operated watches | + 27 | + 19 |

Source: Japanese Finance Ministry

Christian Tyler considers the options as a massive deficit is predicted

## Why the future of ECGD is under scrutiny

WITHIN WEEKS, the government department that insures British exporters against non-payment of their bills will be in the red for the first time in over 30 years.

The deficit could build up to hundreds of millions of pounds and it could last for years rather than months, depending on events in the world.

MPs will this evening have a chance to assess the true extent of the damage inflicted on the quasi-commercial Export Credits Guarantee Department by the world recession and by the long queue of indebted nations which have fallen behind with their trade payments.

Mr Jack Gill, the new head of ECGD, will be taking the stand in front of the Public Accounts Committee of the House of Commons. The committee, as ultimate guardians of the taxpayers' interest, will presumably want to know whether the ECGD — safety net for some 10,000 companies and guarantor of about 34 per cent of UK exports — can handle its looming deficit; and if so, how.

The department is charged with operating at no net cost to the taxpayer in its work of supporting the sale of British goods and the capture of overseas contracts. Officials have in the past maintained that the coming deficit would be manageable: ECGD's overdraft with the Consolidated Fund would be serviced by premium income, recovery of old debts and interest on rescheduled debt from countries such as Nigeria.

Mr Gill: before the Public Accounts Committee

But the chief question in the minds of the exporting fraternity is likely to be this: by how much will premiums—due to be amended shortly—have to be raised in order to help cover the extra burden that the deficit will impose? Are there other ways, short of writing off that burden at the taxpayers' expense (which would be a breach of international trading rules), of seeing the department through its lean times?

The cost of insurance is of course one of the exporters principal concerns. It is also central to ECGD's ability to provide British companies and their lending banks with security comparable to that enjoyed by other European, American and Japanese competitors.

While MPs are scrutinising the ECGD's dismal balance sheet, a government-appointed committee is quietly amassing evidence from exporters, bankers and insurance underwriters which could lead to important changes in the way the agency operates.

The committee, headed by Sir Peter Matthews, chairman of Vickers, is not primarily concerned with the department's financial affairs. But its recommendations, when they are sent to ministers around Easter time, may be influenced by clients' anxiety to rid ECGD of its more onerous obligations.

The Matthews committee has been asked to assess the quality of ECGD's insurance and financing facilities compared with that of rival official agencies abroad; to suggest how the taxpayers' interest is to be protected; and to say whether the private insurance market should take over, or share in, some of ECGD's work.

Among those who have given evidence so far collectively and individually are the clearing banks, Lloyd's underwriters, the export houses, the chemical companies and bodies such as the CBI, the Institute of Export (representing export managers) and the London Chamber of Commerce.

A straw poll of the available evidence, published and unpublished, suggests that most would like to see the ECGD turned into some kind of public corporation—perhaps the commercial equivalent of the state industries.

This would have a number of advantages, they say. ECGD (or whatever it would be called) would be freed of close Treasury and Industry Department control, would be able to pay City salaries and recruit more risk-assessing and underwriting expertise. It would escape damaging staff cuts, decreed by central government, and raise its efficiency.

There is less agreement as to how ECGD's work should be divided, if it were to be divided. Many argue that short-term risk is better handled by the private market, but recognise that the private market cannot compete on long-term or on political risk cover.

Some, including the Committee of London Clearing Bankers, believe political risk—especially insurance for exports to markets where Britain's "national interest" is said to be involved—should be handled by the Government, leaving ECGD to operate along more commercial lines.

The clearing banks, which had some £10bn of outstanding sterling and non-sterling export loans guaranteed by ECGD as at May last year, argue that the department's administrative problems are exposing them to increasing amounts of risk at very tight rates of return.

Whatever the Matthews committee ultimately recommends, the decision will rest with ministers. Some measure of "privatisation"—even if a minimal alliance with private underwriters — and some measure of development seem likely to emerge.

Past reviews have left ECGD relatively undisturbed. But the trauma of the debt crisis and the huge increase in political causes of loss that will be set before the Public Accounts Committee this evening suggest that the department, however blameless, will not escape so easily this time.

## Sharjah likely to award LPG plant to Japan

By Angela Dixon in Abu Dhabi

THE SHARJAH Emirate's £300m LPG project is likely to be awarded to a Japanese consortium consisting of Japan Gasoline Company and C. Itoh, following receipt by the Japanese of a letter of intent.

The emirate, which produces about 10,000 barrels per day of oil from its one offshore field, made a major gas/condensate discovery in 1980. Present plans for industrial expansion in the emirate focus on gas utilisation, particularly as a feedstock rather than fuel.

The Government is expected to have a large equity interest in the plant, and the Amoco-Sharjah company, which made the gas discovery, will also be likely to have a share of the equity.

Financing will have to be arranged by the consortium.

## Railbus to undergo trials in Thailand and Malaysia

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

A PURPOSE-BUILT Railbus for use on suburban passenger routes is to undergo evaluation trials with the State Railway of Thailand early in March. The special version of the Railbus, launched yesterday by British Rail Engineering (Brel) from its workshop in Derby, will later go for trials in Malaysia.

The two-car unit, capable of carrying 260 passengers with 120 seated, is the first of three speculative railway vehicles to be built by Brel and Leyland Bus in a drive to increase Brel exports. The other two demonstration Railbuses which are now under construction will be shipped to Denmark and the U.S. within the next few months.

The Railbus for Thailand has been built on the same principles as the type 141 Railbuses currently being produced for British Rail, combining a Leyland bus body with a Brel rail underframe, but the seating layout has been adapted for the purposes of Thai railways and it has also been built for metre gauge operation.

Thailand and Malaysia are seen by rail equipment manufacturers as key potential markets in South-East Asia. The railway authorities in both countries are anxious to upgrade and re-equip their railways, finance permitting.

The Malaysian Government is currently assessing a study carried out by Japanese railways and manufacturers into the feasibility of upgrading its main west and east coast rail routes for high speed trains.

## Bofors sells missiles to Norway

By David Brown in Stockholm

**Bofors, the Swedish armaments group, has won an order worth about SKr 80m (£7m) to supply its RBS 70 ground to air missile to the Norwegian Defence Ministry.**

**The deal involves an extensive sub-contracting agreement, with the Norwegian armaments group Kongsbergs, Bofors said. The weapons will be delivered in 1986.**

**● The Swedish Government is to strengthen its anti-submarine defences with four new M80 mine hunters, worth some SKr 280m.**

**The vessels, of 360 tonnes each, will bring to six the total number of M80s built by the Karlskronavarvet military shipbuilders. They will be delivered between 1986 and 1988.**

## Swedish group wins Ford paint shop order

By Our Stockholm Correspondent

FLAKT, the Swedish ventilation and patrol group, has won an order from the Ford Motor Company of the U.S. to provide spray paint finishing equipment worth $17.6m.

The equipment is to be used in the expansion and modernisation of Ford's Hazelwood, Missouri, mini-van assembly plant. It includes spray booths and related handling systems

● L. M. ERICSSON the Swedish telecommunications group, has won an order to deliver two AXE 10 digital switching systems to the Telegraph and Telephone Department of Pakistan for $8.6m.

The contract involves one local exchange for the city of Rawalpindi, and one international switching system for Karachi. Training and installation are to be included.

# Fraud charges could follow National Semiconductor probe

BY LOUISE KEHOE IN SAN FRANCISCO

NATIONAL Semiconductor, the U.S. chip maker, could face criminal charges of defrauding the U.S. Government by afiling to test fully devices sold to the military, according to a report in the New York Times yesterday. National is the second-largest supplier of integrated circuits to the U.S. military, with estimated military sales of $90m last year.

Charges are expected shortly, according to the U.S. newspaper, which quotes U.S. Justice Department sources as saying that the company would be charged with inadequate and fraudulent testing of as many as 26m chips used in weapons and other military systems.

National has previously admitted that it failed to comply with the rigorous testing procedures laid down for devices to be used in military application. The company claims, however, to have changed its testing procedures to meet U.S. regulations.

For the past two years, a federal Grand Jury in San Francisco has been examining the case to determine whether criminal charges should be brought against National. The deliberations of the Grand Jury are secret, and the U.S. attorney for Northern California, Mr Joseph Russenilio, declined to make any comments yesterday on either the status of the Grand Jury investigation or the New York Times report.

In February 1982, National was disqualified as a supplier of chips to the Defence Department following admissions that it had not fully tested chips supplied over a three-year period, during 1978 to 1981. At that time, National said that although the parts had not been fully tested, it did not believe them to be defective. The company was reinstated as a military supplier, after 10 weeks.

Separately, the defence electronics supply centre, a Pentagon agency said yesterday, that it has stopped accepting shipments of integrated circuits made by Fairchild Semiconductor, a subsidiary of Schlumberger.

According to the company, it had been removed from the list of qualified suppliers of semiconductor devices to the military for failure to comply with testing regulations. Fairchild is also under investigation by the Pentagon's Defence Criminal Investigative Services for allegedly falsifying test data on chips sold to the Government.

Jimmy Burns reports on the controversial new Economy Minister

# Argentina's creditors grow impatient

THE HONEYMOON period between Argentina's new civilian authorities and the international banks is coming to a close. Negotiations over the country's $39bn foreign debt are at a standstill, and the Economy Minister, Sr Bernardo Grinspun, seems no nearer deciding where to go next than he was a month ago.

Sr Grinspun, whose brusque outspoken manner has made his brief term in office the subject of almost daily controversy in Buenos Aires, places the blame for the delay in publication of more detailed economic information on "the disastrous situation" inherited from the military regime.

His strategy has to remain imprecise he says, so long as the Government of President Raul Alfonsin which took office nearly two months ago is still drawing up an inventory of Argentina's debts. Part of the debt was accumulated by the military in secret arms deals or by speculators siphoning legitimate commercial loans into illegal operations, usually involving inter-company lending.

To counter charges of unnecessary vagueness, Sr Grinspun points to the unprecedented openness of his Ministry. "I have fought all my life for the freedom of the Press but not for the freedom to inform badly," he said in an interview.

Regarding relations with the international banks, his prime concern is to establish the real extent of foreign debt, what payments can be made from Argentina's own resources and how much will have to be covered with fresh credit. He insists that Argentina will honour all its debt obligations with the international banking community.

Speaking from the grey concrete building of the Finance Ministry, which his predecessors turned into a virtual Fort Knox, he says he aims to negotiate a rescheduling package spearheaded by a fresh standby agreement with the International Monetary Fund before the end of June.

Sr Grinspun described his first meeting with his country's foreign creditors in New York earlier this month as "cordial" and "cooperative." But one senior U.S. banker grumbled: "We expected to get facts and figures, a detailed picture of the country's medium to long-term economic plans. All we got were some platitudes about Argentina's new democracy."

The Government's most firm premise is that, assuming a trade surplus of $3.5bn in 1984, Argentina will be able to make $3bn of debt payments from its own resources, with $500m set aside to boost meagre reserves. Other payments falling due this year of between $16bn and $18bn will have to be rescheduled or paid with the help of new loans.

Sr Grinspun's determination to secure interest rate and repayment terms at least equivalent to those agreed last year by Mexico and Brazil threatens to be one point of friction with some bankers, who now consider Argentina the biggest risk

Another is his refusal to sign any of the public sector contracts prepared by the previous regime until the model — that of the State airline Aerolineas Argentinas — is rephrased in terms more compatible with the national interest. Sr Grinspun has yet to define what this will mean in practice.

Bankers are also uncertain how Sr Grinspun intends to reconcile his domestic promises of economic growth and income redistribution with the belt tightening implied by the critical state of the country's external and domestic finances. Sr Grinspun's answer is that the bankers should have patience and wait for the publication of his budget in March, the details of which "are still being worked out."

Some bankers irritated by Sr Grinspun's vagueness and temperamental style nevertheless realise that he has the close ear of President Alfonsin. He has also had considerable banking experience, first at the central bank as a young economist and later representing Argentina at the IMF before holding several directorships in leading local banks.


Grinspun . . . "brusque and unpredictable"

Already he has one point in his favour. The provisional consumer price index figure for January indicates that the new price controls may be bringing inflation down. But he faces an uphill task in meeting his target of 100 per cent inflation for 1984 after last year's record 400 per cent.

# Economic policy shift likely in Costa Rica

BY TIM COONE IN SAN JOSE

A SHIFT in emphasis is expected in economic policy in Costa Rica following the appointment of Sr Juan Manuel Villasusa to the important Minister of Planning post. He takes office today and has said that he favours an emphasis on "economic reactivation more than stabilisation."

Sr Villasusa said: "In the short-term it is necessary to stimulate internal demand so that the national industries can continue functioning."

He said he favoured new job creation schemes and a halt to the fall in real salaries.

Salary levels have fallen by 40 per cent in the two years of President Monge's Government and a major demonstration by workers and students is planned in San Jose today – to protest at further austerity measures being proposed by the Government.

Costa Rica has one of the highest per capita foreign debts in the world, at $4bn for its 2.2m population. Interest payments alone ($386m for 1983, after rescheduling) are currently eating up some 40 per cent of export earnings.

Austerity measures imposed as part of an IMF standby agreement signed in December 1982, caused a sharp contraction in the economy last year and a further series of public spending cuts and tax rises are shortly to go before the constituent assembly for approval, to lay the basis for another IMF agreement this year.

Last week the assembly authorised debt rescheduling agreements affecting about $800m owed to foreign commercial banks, which will reduce debt service payments to $348m this year.

Sr Villasusa says: "In the short-term we are very restricted in what we can do." However, he is critical of U.S. efforts to push Costa Rica into a model of export-led growth by further devaluations of the currency.

He said: "Costa Rican industry has been geared to the local and Central American markets. It is not possible from one day to the next to start exporting in a big way to the United States, and I don't believe that Costa Rica should develop an export sector at the expense of the welfare of the population."

He said that strong private sector investment backed by the public sector would be encouraged to help develop new high-technology industries to address the country's balance of payments problems in the medium and long term.

The first step along that path was made last week when the Central Bank announced that interest rates will be lowered shortly from 22 to 18 per cent: their lowest level since March 1980.

# Caribbean force to stay in Grenada 'until poll'

BY TONY COZIER IN BRIDGETOWN

THE Caribbean force of approximately 450 troops and policemen, in Grenada since the U.S.-led military invasion last October, is to remain on the island at least until general elections scheduled for November, Miss Eugenia Charles, Prime Minister of Dominica, said late on Monday.

Speaking in St George's, Grenada's capital, after a meeting between the interm Government and officials of those Caribbean countres which took part in the invasion, Miss Charles indicated that the U.S. would also be asked to maintain its peace keeping force of 300 men for the same period.

This will be discussed when Mr George Shultz, U.S. Secretary of State, visits Barbados and Grenada next week.

It is believed in St Georges that the U.S. Government is anxious to have all of its men out of Grenada before the presidential elections in November. Miss Charles hinted that if they were withdrawn, their place could be taken by personnel from what she termed "friendly countries."

The decision to retain the Caribbean force is a blow to the plan put forward to the interim government by Mr Sonny Ramphal, Commonwealth Secretary General, during his visit to Grenada earlier this month.

He indicated then that any commonwealth assistance to Grenada, financial as well as technical, would be dependent on the withdrawal of all foreign troops

# Capital outflow grows

BY HUGH O'SHAUGHNESSY IN LONDON

LATIN AMERICA was a net exporter of capital last year for the second year in succession as inflows of capital dried up and payments to service the increasing foreign debt mushroomed, according to preliminary statistics from the UN Economic Commission for Latin America (ECLA).

The ECLA statistics show that the net inflow of capital to the region last year reached its lowest point for more than a decade. It amounted to no more than $4.3bn in 1983 compared to $38bn in 1981 and is explained by the sharp contraction of commercial bank lending to the countries of the region.

At the same time, service payments on a debt which totalled $309.8bn came to $34bn, a slight drop on the 1982 figure of $36.8bn.

The net export of capital, therefore, came to $29.5bn, up by nearly a half on the 1982 figure of $20.2bn.

The 1983 figure for the export of capital was equivalent to 27.4 per cent of the region's exports, or 4 per cent of the gross national product. In 1982, the figures were 18.5 per cent and 2.5 per cent respectively.

Referring to the increase in the positive trade balance achieved by Latin America last year – from $9.7bn in 1982 to $31.2bn last year – ECLA says that this was generated by a sharp fall in imports rather than by any great increase in exports. While the latter remained almost stationary last year at around $88bn, imports fell from $78.8bn in 1982 to $56.3bn last year.

In 1983, Latin America suffered its worst economic performances for half a century, ECLA concludes.

# Surinam's month-long aluminium strike ends

BY ROBERT GRAHAM IN LONDON

WORK has resumed in Surinam's vital aluminium industry after a damaging month-long strike by the 4,500 workforce. The aluminium industry, run by two wholly owned subsidiaries of Alcoa (Suralco) and Royal Dutch Shell (Billiton), accounts for 80 per cent of the former Dutch colony's foreign exchange earnings.

The strike is reckoned to have cost the country $28m in lost earnings and further losses are inevitable since the strike forced the total closure of the alumina and aluminium plants.

According to an Alcoa spokesman, it could take between two and four weeks before the complex smelting process is fully operational.

The strike began on December 19, prompted by extra taxes imposed on the workers' annual bonuses by the military-backed government of Commander Desi Bouterse. At one stage, it seemed that Commander Bouterse would be toppled as the strikers were joined by utility workers who paralysed power supplies in the capital, Paramaribo.

However, the former army physical education instructor has managed to survive by dismissing his entire cabinet and rescinding the taxes due to come into effect this month. Nevertheless, after dismissing his cabinet on January 11 and promising to take full account of the workers' grievances, it took another 11 days to persuade them to return to work, and the labour unions are still demanding participation in a new interim government.

This has been the most serious organised civil protest against the four year-old left-wing military leadership of Commander Bouterse. The action underlines the growing unrest as a result of belt-tightening measures forced on Surinam's 280,000 population following the suspension of Dutch aid, in December 1982.

Aid was suspended when Commander Bouterse rounded up and killed 15 leading Surinamese said to be plotting his overthrow. In 1975, on being granted independence, the Netherlands pledged nearly $1.5bn over the years in aid and loan guarantees, which has formed the basis of the government's development funds and underpinned the budget deficit.

Dutch aid was effectively the sole source of external assistance apart from some 120 Cuban technical advisors. Resumption of Dutch aid, of which $670m is still due, is conditional on a return to democracy.

Commander Bouterse has been branded as a Marxist. But diplomats familiar with his regime maintain that he has little ideology other than that of his own survival. There have been at least four plots against him.

He was a close friend of the late Grenadan leader, Mr Maurice Bishop, and he blamed the Cubans for Mr Bishop's death. As as result, last October he expelled the Cubans from Surinam and even the Cuban embassy in Paramaribo has been closed.

# UK NEWS

## American company gets $15m from Iran

By Charles Batchelor

A U.S. company which had a drilling rig seized off the coast of Iran and its London insurers have recovered $15m (£10.6m) from the Iranian Government. This is believed to be one of the first substantial recoveries made following the confiscation of property by Iran after the 1979 revolution.

Negotiations before the special court set up in The Hague, in the Netherlands have resulted in the Iranian Government making a payment through the Federal Reserve Bank of New York on January 26, Lloyd's of London said.

The drilling rig, the Milton G Hulme, owned by the Reading & Bates Exploration Company of Tulsa, Oklahoma, was seized in early 1979 by the Iranians while operating in the Pars field off the coast

## 'Overfunding' forecast

By Philip Stephens

THE GOVERNMENT may have to sell some £3bn more in debt than it needs to fund the public sector borrowing requirement (PSBR) in 1984-85 if it is to maintain the monetary aggregates within their new target ranges, the broker James Capel forecasts today.

The implied threat of such "overfunding" to interest rates, however, is tempered by the expectation that the Central Government borrowing requirement (CGBR) will be between £2.5 and £3bn higher than the PSBR.

Excessive sales of Government stock traditionally exert upward pressure on interest rates by causing shortages in the money markets, but this is reduced if, as last year, the CGBR exceeds the PSBR.

## Cost of winning world orders 'unjustified'

BY CHRISTIAN TYLER, WORLD TRADE EDITOR

THE COST of winning large overseas orders for British construction and engineering contractors can rarely be justified on economic grounds, according to a Whitehall report released yesterday.

Subsidised credit, at present costing the taxpayer about £500m a year, and government project-linked aid of more than £60m benefit relatively few companies in one sector of manufacturing, the report says. They supported only 5 per cent of all UK exports.

According to other Whitehall sources, about a dozen contractors account for three-quarters of the subsidy. Among them are big construction companies, power and process plant builders, and shipyards.

The report was written last December by a team of ministry economists, led by Mr Ian Byatt, deputy chief economic adviser to the Treasury, to support Britain's negotiating position in OECD talks to control international competition for scarce orders in developing countries.

It was released yesterday after a parliamentary question from Mr Richard Ottaway, Conservative MP for Nottingham, North.

The amount of the subsidy on fixed-rate project finance is expected to reduce considerably with the fall in world interest rates and a new OECD mechanism for monitoring the beneficial terms extended to poorer countries.

But the report's longer term conclusions and implications may be fiercely contested by the big contractors. Subsidies are described as a "likely to be an extremely expensive way to reduce unemployment." According to certain "illustrative" assumptions, it costs between £50,000 and £200,000 per job per year, using export credit subsidies, and between £33,000 and £132,000 using aid as part of a credit package.

That compared, at the time of writing, with costs of between £3,000 and £7,000 under Government job-creation schemes. Matching foreign competition makes poor economic sense for Britain, the report says. Nor do industrial policy arguments justify a general subsidy for this sector, especially when the support is not conditional on industries re-adjusting to market realities.

## Strike disrupts Heathrow flights

BY OUR LABOUR STAFF

STRIKE action by British Airways ground engineers at London's Heathrow Airport yesterday forced the cancellation of seven long-haul flights and two Concorde services to New York.

Two further long-haul flights due to depart last night for the Far East and Australia were held over, but were expected to leave early today.

The 24-hour strike was the most disruptive action taken so far by 6,700 BA engineering and maintenance staff who have rejected a two-year pay deal worth 4 per cent this year and 5 per cent in 1985.

The engineers do not rule out further disruptive action later this week.

## CEGB to take over Sizewell Project

By David Fishlock, Science Editor

THE CENTRAL Electric Generating Board (CEGB) has taken over full management responsibility for the Sizewell B nuclear project with the approval of the government.

A new project management board (PMB) has been set up to run the £1.2bn project to build Britain's first big pressurised water reactor (PWR), still the subject of a public inquiry in Suffolk.

The National Nuclear Corporation (NNC), once seen by the government as taking full management responsibility for the project as the start of a greatly strengthened nuclear design and construction industry, is now a junior partner in the PMB.

The Government changed its mind after realising that safety is both an integral part of nuclear reactor design and a statutory responsibility of the operator under British law.

The CEGB argued it could not delegate its responsibilities on safety and it could not expect the NNC to shoulder the financial responsibilities and risks of a lead station.

But the project team, now mainly divided between two locations a CEGB site at Barnwood near Gloucester and an NNC site at Whetstone near Leicester is to be united this year at the NNC headquarters at Booth's Hall near Knutsford, Cheshire.

Mr John Baker, the CEGB's main witness at the public inquiry, will be PMB chairman.

Mr Ted Pugh, newly-appointed NNC chief executive and a part-time PMB director, said last night he had explained the project management reorganisation to NNC staff, stressing how the company would retain its identity in the project.

Mr Pugh also said the company must cut back on its 2,300 staff by a third over the next four years owing to lack of new nuclear orders.

About 100 nuclear engineers would transfer from both Barnwood and Whetstone to the new site in the next few months to form the project management team.

The CEGB would be letting three separate service contracts to the NNC:

● A service contract under which it provided people to the PMB and to site;

● A contract for the performance of design, engineering and safety services;

● A contract for the design and engineering of the nuclear steam supply system for Sizewell B.

Nuclear shakeup, Page 13

## Home appliance makers 'undercut'

BY CARLA RAPOPORT

BRITISH domestic appliance manufacturers are being undercut in their home market by suicidal Continental competitors according to Lord Plowden, president of the Association of Manufacturers of Domestic Electrical Appliances (AMDEA). Speaking at its annual dinner in London last night, he said: "Loss-making companies within the European Community provide a major part of our competition."

"But over and above these," he continued, "we are faced with imports from state trading companies in Eastern Europe. The normal rules concerning profitability have no meaning for these companies."

Lord Plowden said that in the last year alone, two Italian companies, one of the major German companies, and most of the Spanish appliance manufacturers would have "ceased to trade if they had been operating under British rules of competition."

Nonetheless, Lord Plowden said that sales by British appliance manufacturers were up as much as 20 per cent in most product areas in 1983.

For the future, he predicted that employment in the sector would continue to decline as production methods became more streamlined and standardised.

Lord Plowden said that the trend toward the service industries in the UK was somewhat disturbing. "Admirable and essential as are design engineers, tourist guides, and stockbrokers, can we really envisage a country of this size without a strong manufacturing industry?"

He lashed out at the high salaries on offer in the City, saying: "Sometimes I feel we as a nation have got our values distorted."

## Tebbit advocates more official scrutiny of proposed mergers

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MERGERS which may have an adverse effect on competition are more likely to face official scrutiny to determine whether or not the proposed deal is in the public interest.

This was made clear yesterday by Mr Norman Tebbit, Trade and Industry Secretary, who was speaking at a conference to celebrate the tenth anniversary of the Office of Fair Trading. "I expect that in future competition considerations will be the predominant factor in merger decisions," he said.

Mr Tebbit was confirming the view put forward in a review of merger policy carried out by Whitehall officials and still subject to ratification by a Cabinet committee. "We are still considering these matters," he added.

However, Mr Tebbit also made clear that while the emphasis would be on competition in future, there would still be room "on rare occasions for other factors to be significant."

He also stressed that it was likely that he would disagree from time to time with decisions taken by Sir Gordon Borrie, Director General of Fair Trading on which mergers should be referred. "It would be wrong for me automatically to accept his decisions," he said. "However, I expect to agree with him most of the time."

When he did disagree with the Director General, this did not "mean that merger policy was in a muddle." However, "I accept that the reasons for my decisions on these occasions should be made clear," he added.

Sir Gordon told the conference that "when my office scrutinies mergers, the impact of the proposed merger on competition is already our principal concern."

He added: "Nevertheless, it would seem unlikely for Ministers to want to forego entirely the possibility of challenging a merger which had no impact on competition but which, as in the bid for the Davy Corporation by the U.S. company Enserch, might lead to the loss of export contracts."

Sir Gordon also pointed out that the OFT "did not see bigness as itself a ground for concern and, needless to say, if the merged companies are operating in an international market, bigness or a reduction to one of the number of UK companies in the field may be desirable for our international competitiveness."

Mr Geoffrey Owen, Editor of the Financial Times, argued that Government should not intervene in mergers which do not raise issues of competition. "If a reserve power exists, it will be used," he said.

Mr Owen concluded that while merger control needed to remain part of the Government's armoury, "the principal check on market power must come from the market itself." He added that "the Government's primary task is to remove the barriers and rigidities which prevent the market from functioning efficiently."

## Howe accused over union ban

BY PHILIP. BASSETT AND IVOR OWEN

SIR GEOFFREY HOWE, Foreign Secretary, became embroiled yesterday in an embarrassing row about the extent of industrial action at the Government Communications Headquarters (GCHQ) at Cheltenham which is held responsible for a decision to impose a ban there on trade union membership.

The Government insists that the ban is necessary in the interests of national security because the GCHQ monitors and interprets radio broadcasts around the world.

No 10 Downing Street (the Prime Minister's London office) was said to be angry yesterday at the partial disclosure of Sir Geoffrey's reply to a parliamentary question, which claimed eight separate incidents of industrial action at the GCHQ.

Mr Peter Jones, secretary of the Civil and Public Services Association (CPSA), one of the unions involved in the ban, described Sir Geoffrey's remarks as "black propaganda" and said: "The Government is desperate – this is yet another excuse for their ban on the unions that won't stand up."

Unions have argued strongly that Sir Geoffrey had made no connection between the incidents and world events at the time. They said there was no threat to security from the action, let alone any national damage.

The claims between Sir Geoffrey and the unions will do little to improve the atmosphere at today's meeting between the unions, Trades Union Congress leaders and Mrs Margaret Thatcher, Prime Minister, over the reasons behind the ban.

Mr Alistair Graham, general secretary of the CPSA said: "We are willing to see that the Government is satisfied that the gathering of national intelligence is uninterrupted at GCHQ. We recognise that the Government wants GCHQ to be open 24-hours a day, seven days a week, 52 weeks a year for ever and ever. If that is what is wanted we are prepared to discuss that."

In a radio interview yesterday Sir Geoffrey said: "It was no part of the case that I was making that there was any provable damage as a result of particular Incidents. Nobody had been in a position to know whether the interruptions had had serious consequences.

The Government has offered workers at the centre £1,000 each as compensation for giving up their union rights.

In the House of Commons yesterday, Mrs Thatcher cited evidence from the Council of Civil Service Unions as justification for the ban. She quoted from a union report issued in 1981 which had focused on the impact made by selective strikes by union members employed in "sensitive areas."

She said the document had stated: "Our ultimate success depends upon the extent to which revenue collection is upset, defence readiness hampered and trading relations disrupted by this and future action."

## ICI seeks to end bargaining rights

BY BRIAN GROOM, LABOUR STAFF

IMPERIAL Chemical Industries (ICI) sparked off union anger yesterday by planning to strip management and professional staff – including scientists, accountants and plant managers – of collective bargaining rights.

ICI'S move illustrates the difficult climate in which managerial unions now operate. It also comes at a time when many unions' fears for the future have been heightened by the Government's ban on union membership at General Communications Headquarters at Cheltenham.

The company has given six months' notice of ending an eight-year-old agreement giving sole bargaining rights to the Manchester-based Association of Management and Professional Staffs (Amps), which represents 40 per cent of ICI's 7,000 staff in the £13,000–£18,000-a-year salary category.

ICI is prepared to negotiate a new agreement giving Amps sole recognition and says it will still listen to the union's views. But the company intends to remove negotiating rights in order to improve its individual relationships with managers.

Dr Maurice Gillibrand, Amps executive secretary, said his members found the decision "abhorrent." The union would try to reverse it during consultations over the next three months but, if unsuccessful, would probably ballot members on industrial action.

Amps was formerly a non-TUC union but it recently amalgamated with Mr Frank Chapple's Electrical and Plumbing Trades Union. ICI warned then that it would review its agreement in view of Amp's changed status.

Dr Gillibrand linked ICI's action with the company's recent refusal to accept a recommendation by a mediator, Sir John Wood, to increase salaries by one or two per cent in order to resolve a holiday dispute.

Ending the Amps agreement would rob the union of its right to demand non-binding arbitration or mediation, said Dr Gillibrand. The company said these issues were not connected.

Amps was planning to ballot members on a work-to-rule over the mediation issue but it has now deferred a decision in view of the company's more serious move.

Dr Gillibrand said: "It is absolutely astounding that the company should be taking this action at a time when it is recovering from the recession and was doing extremely well as a result of the efforts of our members."

It would damage the company, he said, when members found their rights had been removed at a time when they should be working at their jobs.

## MPs may investigate financial markets

THE STRUCTURE of the City of London's financial markets may be investigated by an all-party committee of MPs.

The Treasury and Civil Service Committee of the Commons announced yesterday that possible or likely future topics for investigation included the economic consequences of EEC membership, the structure of the City of London, and freedom of official information.

It was also confirmed by the committee that its major inquiry in the present parliamentary session would be into long-term trends in resources and public expenditure. This is likely to bring out into the open the Government's own debate about spending trends, particularly affecting the welfare state, and the MPs will request a memorandum on Treasury projections.

● GLASGOW City Council is joining the Scotch Whisky Association in legal action against a company in Uruguay which is producing a brand of whisky called "Glasgow." An affidavit to be presented to a court in Montevideo says that use of the city's name has [illegible] been sanctioned.

● MRS MARGARET Thatcher, Prime Minister, has been challenged to deny that Lord Rayner, joint vice-chairman of Marks und Spencer, the stores group, has been shortlisted to take over from Mr Christopher Tugendhat as Britain's senior EEC commissioner in Brussels.

Mr Robin Cook, Labour Party spokesman on Europe, has told Mrs Thatcher in a letter that such an appointment would be inappropriate since Lord Rayner is a businessman with no experience of political accountability.

● THE 13,000 employee shareholders in the National Freight Consortium have quadrupled their investment since the company was sold to the employees in February 1982. The latest independent share valuation shows that the average shareholder's purchase of £700 worth of shares now has an investment valued at £2,800.

● BRITISH Steel Corporation is to form an equally owned company with W. Shaw & Co., to combine the businesses of BSC's Craigneuk foundry at Motherwell, Scotland, and Shaw's foundry at Middlesbrough in north-east England. Combined steel casting capacity is about 5,000 tonnes a year.

● LORD RICHARDSON, former governor of the Bank of England, is to join the board of directors of Saudi International Bank on March 7. He succeeds Lord O'Brien, his predecessor as governor of the Bank of England, who is retiring.

● PENINSULAR and Oriental Steam Navigation (P&O) is to move out of its City of London head office as part of a policy to decentralise the business. The move is expected to save P&O about £2m a year.

● CRUDE oil prices are expected to remain stable at about $28 a barrel over the next few years as increased demand caused by economic recovery is met by higher output, the London Business School forecast yesterday.

## Digico calls in receiver

By Raymond Snoddy

DIGICO, the British mini and microcomputer manufacturer, has gone into receivership despite a weekend of talks to try to save the company.

Peat Marwick and Mitchell, the accountants, were called in as receivers by the directors on Monday.

The company which employs 50 people at Stevenage, Herts making low cost professional computers owes the Midland Bank more than £500,000 and about £1m to other creditors.

Mr Ray Mackie, joint receiver, said yesterday he hoped to sell the business as a going concern

Another UK computer company Optim offered to buy Digico at the weekend and take on a proportion of its debts, but it is believed that agreement could not be reached with the Midland Bank.

In the autumn, Digico's overdraft with the Midland was believed to have reached £1.4m, but this was reduced when Optim bought the maintenance contracts on the installed Digico machines for £750,000.

Digico has computers installed with an estimated 1,500 customers. Its problems became clear in October when it said it was looking for a merger partner.

Mr Kenneth Atkinson, the managing director who was brought in from Wang of the U.S. in 1977, said he hoped to reach a merger agreement by the end of 1983.

Losses during the past two years have totalled £2.5m. The company closed a factory in Letchworth, Herts and laid off a number of workers.

Digico said in October that it expected losses of about £100,000 on a turnover of £4m in the year to September 30.

# BCal seeks more of British Airways' routes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Caledonian (BCal), the independent airline, is believed to be suggesting to the Government that up to one-third of British Airways' routes should be transferred to the independent airline sector on the privatisation of the state airline.

This goes much further than the original £200m plan for a transfer of routes and equipment originally proposed by BCal.

It is bound to start a major fight between the two airlines and make the BCal plan a significant political factor in the current aviation policy review.

This is being conducted urgently by the Civil Aviation Authority, at the request of Mr Nicholas Ridley, Secretary for Transport. Submissions by more than 30 airlines and other bodies had been received by the authority late last night, including those from BA and BCal.

Both BA and BCal have made route transfers a major item in their submissions. BCal has asked for details of the proposed route transfers to be kept secret now but it is believed to have gone much further than was expected.

Its overall objective would be to transfer up to about one third of BA's routes to the independents, of which about one half in turn would go to BCal and one half to other independents.

The details remain confidential within the Civil Aviation Authority, although the rest of the BCal submission is likely to be published today, along with BA's own submission. Late yesterday, neither side knew what the other was proposing.

BA is expected to argue that although such transfers might strengthen BCal, they would weaken BA and not help the overall competitive capability of the UK air transport industry.

BA feels the main task is to strengthen the entire UK airline industry to meet foreign competition and any route licensing review should try to achieve that. To take bits out of one UK airline to favour another would be damaging and achieve nothing, it says.

In the Civil Aviation Authority's view, the two major airlines' battle over route transfers will not help it to review future civil aviation policy.

While many other ideas are put forward in the two airlines' submissions, including views on future airport policy and route licensing, the entire review is bound to be affected by the route transfer controversy.

● The aircraft group of British Aerospace, the aircraft, missiles and space manufacturing company, is being reorganised to improve efficiency through the 1980s. There will be no job losses.

The aircraft group, responsible for the manufacture of many types of civil and military aircraft, will henceforth be run as three divisions, instead of six at present.

The Hatfield (Hertfordshire), Filton (Bristol) divisions and the Chester and Prestwick sites will be combined into a new civil division, centred at Hatfield.

The current Kingston upon Thames/Brough (Humberside) and Manchester divisions will be brought together with the Weybridge (Surrey) site and the Hurn (Bournemouth) site – which is being run down and closed – to form the new Weybridge division.

The existing military aircraft division at Warton, near Preston in Lancashire, is not affected by the reorganisation

# Way to be cleared for Scott Lithgow takeover

MRS Margaret Thatcher, the Prime Minister, yesterday promised to "wipe the slate clean" to make way for a private operator to take over Scott Lithgow, the Lower Clyde shipyard that faces closure after Britoil's cancellation of an £88m drilling rig order.

Mrs Thatcher also told a deputation from the Scottish Trades Union Congress, who met her for 75 minutes at No 10 Downing Street, that Trafalgar House, the building, property and shipping group, was among the parties negotiating with British Shipbuilders.

She hoped for "social reasons if for no other reason" that the yard would stay in being. Its best prospect was to have a new operator for a successful start. But Mrs Thatcher did not quantify what she meant by "wipe the slate clean."

However, that would probably include the cost of redundancies. Regional aid would also be available where appropriate. What was happening now was not a renegotiation of the cancelled Britoil contract, she emphasised.

"What we are talking about is a new operator taking over the yard. British Shipbuilders is negotiating with a number of parties, including Trafalgar House."

Mrs Thatcher added that the Government was keen to see a fresh start with a new operator.

"The Government is prepared to wipe the slate clean to give that new operator a start." No one could argue about the losses incurred by the yard which had added up to £160m since nationalisation.

## Confederation of British Industry quarterly trends survey

# Pace of recovery quickens

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

AN ENCOURAGING picture of rising industrial optimism, increased output and orders and a general broadening of the recovery is given in the Confederation of British Industry's (CBI) latest Industrial Trends Survey.

The quarterly survey for January, published yesterday is based on replies from 1,730 companies, which account for about half the number of people employed in manufacturing industry.

It suggests that the recovery reported in the previous three quarterly surveys is now broadening from the consumer goods industries to those making goods for capital investment and intermediate goods, including components.

The emphasis of increased output continues to be directed to the home market, no doubt reflecting the sluggishness of the other European economies. However, some small rise in recent export orders has been reported and some acceleration of export activity is predicted in the next four months.

In spite of the increases in orders and output, the majority of companies surveyed still say that the main constraint on increasing output is shortage of business, and there is little evidence from this survey that bottlenecks are appearing in supply industries.

The evidence that capital goods industries are experiencing some pick-up in business is matched by survey answers which indicate a faster rise in capital expenditure than previously. However, most of the investment seems likely to be directed to improving efficiency rather than to expanding capacity and employment, according to the survey.

Overall, the survey suggests a continued fall in employment levels in manufacturing industry, but at a decelerating rate, and several sectors are now reporting increasing levels of employment.

A third of companies say they are now more optimistic than they were four months ago. Six per cent say they are more pessimistic and 61 per cent report no change.

Detailed results suggest that optimism is now widespread, with only two of the 44 industrial sectors reporting a decline. These were manmade fibres and production and coal and petroleum.

The capital goods sector is showing more optimism than the consumer goods sector, with the sector producing intermediate goods showing a level of optimism which is somewhere between the two. Overall, increased optimism has now been reported in four consecutive surveys.

## Orders

The survey indicates a substantial rise in new orders, with a balance of 20 per cent of companies reporting a rise in the volume of orders since September. This is the largest favourable balance since this question was first phrased in volume terms in July 1977.

Increased demand over the past four months is also more extensive than that predicted in the last survey.

But six sectors report falling orders – ferrous metals; heating, refrigerating and ventilating equipment; heavy industrial plant; power and industrial electrical goods; shipbuilding and marine engineering; and "other vehicles."

Over the next four months, a positive balance of 23 per cent suggests a further rise in orders in most industries, fairly broadly spread. Most of the improvement in demand is coming from domestic rather than export orders.

The proportion of companies reporting a rise in output increased from the levels of the summer and autumn back to the higher level reported in the April survey. The CBI says that rising output is apparent in most sectors, although it is less marked in the capital goods sector.

The balance of companies expecting higher output during the next four months (20 per cent) is higher than in the October survey (16 per cent) and appears to be concentrated on companies making capital goods.

Higher output has not improved capacity utilisation. More than two-thirds of companies (the same as in October) reported that they were working below full capacity. However, under-used capacity has become less widespread since January 1981, at the depth of the recession, when 84 per cent of companies reported that they were working below full capacity.

The rise in orders, output and optimism appear to have been associated with some small rebuilding of stocks of raw materials, bought in supplies and work in progress over the past four months.

Small positive balances of companies reporting a rise in stocks of materials and work in progress are the first since October 1979.

However, a small fall in stocks of finished goods is reported and the survey suggests that there will not be any further overall increase in stock levels.

A large majority (81 per cent) of companies still say that a shortage of sales or orders is the main constraint on their output. This compares with a figure of 85 per cent in October. However, the demand shortage has declined since its peak, in 1980–81, and even at the last peak of economic activity some two thirds of companies were reporting that lack of demand was a constraint on output.

Investment plans for both buildings and plant and machinery have strengthened since October. The survey suggests that the volume of investment by manufacturing companies in 1984 could be nearly 7 per cent above the depressed level reported last year, with a growth of investment continuing into 1985. This would be the first increase in manufacturing investment for five years, and the scale of the increase suggested by this survey is considerably larger than has been predicted by most economic forecasters.

## Employment

Rising output and orders do not yet seem to have led to an increase in the numbers employed, although the balances reporting a fall in their labour force (18 per cent for the past four months and 16 per cent expected in the next four months) are the smallest for more than four years.

However, about half of the sectors report higher numbers of people employed and 17 are expecting an increase. Rising employment is most apparent among smaller companies employing fewer than 200, and for the textiles group of industries.

The CBI says that the results for output and employment, taken together, continue to imply substantial rises in productivity.

A further modest improvement in export confidence spread across most types of goods, although larger companies seem less sanguine.

As expected from the results of the last survey, the rise in export orders in the past four months has been only marginal. For the coming months the results suggest a rather modest, but more widespread rise in foreign orders.

Questions on export deliveries indicated a similar pattern of little change over the last four months, with the expectation of a marked rise in the next four months.

# BMW profit expected to ease

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

TURNOVER of BMW's British subsidiary last year reached £235m, equivalent to more than £1m per employee.

But the company's taxable profit will show a slight fall from £11.5m for 1982, according to Mr Paul Layzell, BMW (GB) managing director.

The 1982 pre-tax profit represented a 27 per cent decline from the £15.8m for the previous year, almost entirely owing to the strengthening of the D-Mark against the pound.

Last year's profit was also adversely affected by currency changes.

BMW (GB) turnover climbed steadily from £138.9m in 1981 to £190.5m in 1982, followed by a 23 per cent rise last year.

The UK subsidiary paid its parent a £7.5m dividend for 1981 but nothing was paid the following year.

Mr Eberhard Pothmann, BMW (GB) finance director, said yesterday that the company would probably resume dividend payments for last year. The company normally paid out about half its net profit as a dividend, but the payment for last year might take into account that no dividend was allocated for 1982.

Mr Layzell suggested yesterday that there will not be enough BMWs in Britain to meet demand for the next two years. "Only when BMW's new factory at Regensburg in Germany comes on stream at the beginning of 1986 will there be a noticeable increase in the number of BMWs available in Britain because the other factories are at peak production," he said.

He added that BMW planned to increase sales by about 5 per cent to 26,500 cars this year, compared with 25,200 last year.

"Two years ago, we forecast our British sales might reach 25,000 a year by 1987. We hit this figure four years early and we will now consolidate our position for two or three years following the rapid growth." Mr Layzell said.

He insisted that there were no plans for the UK company to import BMW's new diesel models. The diesel engine would add at least £1,500 to the retail price of a 5-series car, which would then have to travel about 130,000 miles to recoup the extra cost compared with a petrol engine.

BMW registered 2,100 motorcycles in Britain last year and expects to increase that to 2,400 in the current 12 months.

The company will spend nearly £6m this year to double the size of its spare parts warehouse. Last year there was a "realignment" of spares prices which greatly reduced the cost of some parts, Mr Layzell said.

# Newsprint cost may rise

BY ANDREW FISHER

NEWSPRINT prices in the UK appear set for a general increase in the next few months, following the announcement by Abitibi-Price of Canada that it plans a 7 per cent increase to £321 a tonne from May 1.

Canadian suppliers, of which Abitibi-Price is one of the largest, ship around 500,000 tonnes of newsprint to the UK each year. Nordic countries, headed by Finland, provide slightly more.

The total UK market for newsprint is around 1.3m tonnes. British suppliers, Reed and Bowater, make up only a small proportion of the domestic market.

But major capacity increases are under way. Consolidated-Bathurst of Canada is reviving the former Bowater mill in Cheshire at Ellesmere Port, while United Paper Mills of Finland is building a new plant in North Wales.

Consolidated-Bathurst currently ships some 100,000 tonnes of newsprint a year to the UK. Yesterday, the company said it would wait and see what happened on the price front before deciding whether to raise its own prices.

# QE2 likely to have engine refit

By Our Shipping Correspondent

CUNARD, the shipping subsidiary of Trafalgar House, is considering the purchase of new diesel engines for the 17-year old QE2 passenger liner at a possible cost of over £30m.

But it has not yet decided to go ahead with the replacement of its fuel-thirsty steam turbines, which were installed by the former John Brown shipyard on the Clyde when the 67,000 ton ship was built.

Cunard would not say which UK and foreign engine makers it had contacted. But it is believed to have been in touch with Sulzer of Switzerland and MAN of West Germany, and possibly Pielstick of France. A Finnish-built £100m cruise ship ordered by P & O Cruises for delivery at the end of 1984 will have Pielstick-designed engines.

Mr Eric Parker, chief executive of Trafalgar House and chairman of Cunard, said it would be some time before technical assessments were received. "The cost of the project and the length of time the QE2 would be out of service are major factors," he said.

Cunard would continue to give priority to UK companies where possible, he added. The main manufacturers of marine diesel engines are foreign, though UK companies produce some under licence.

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 9 % | ■ Hambros Bank | 9 % |
| Allied Irish Bank | 9 % | Heritable & Gen. Trust | 9 % |
| Amro Bank | 9 % | ■ Hill Samuel § | 9 % |
| Henry Ansbacher | 9 % | C. Hoare & Co. † | 9 % |
| Arbuthnot Latham | 9 % | Hongkong & Shanghai | 9 % |
| Armco Trust Ltd. | 9 % | Kingsnorth Trust Ltd. | 10 % |
| Associates Cap. Corp. | 9½ % | Knowsley & Co. Ltd. | 9½ % |
| Banco de Bilbao | 9 % | Lloyds Bank | 9 % |
| Bank Hapoalim BM | 9 % | Mallinhall Limited | 9 % |
| BCCI | 9 % | Edward Manson & Co. | 10 % |
| Bank of Ireland | 9 % | Meghraj and Sons Ltd. | 9 % |
| Bank Leumi (UK) plc | 9 % | Midland Bank | 9 % |
| Bank of Cyprus | 9 % | ■ Morgan Grenfell | 9 % |
| Bank of Scotland | 9 % | National Bk. of Kuwait | 9 % |
| Banque Belge Ltd. | 9 % | National Girobank | 9 % |
| Banque du Rhone | 10 % | National Westminster | 9 % |
| Barclays Bank | 9 % | Norwich Gen. Tst. | 9 % |
| Beneficial Trust Ltd. | 10 % | R. Raphael & Sons | 9 % |
| Bremar Holdings Ltd. | 9 % | P. S. Refson & Co. | 9 % |
| Brit. Bank of Mid. East | 9 % | Roxburghe Guarantee | 9½ % |
| ■ Brown Shipley | 9 % | Royal Trust Co Canada | 9 % |
| CL Bank Nederland | 9 % | ■ J Henry Schroder Wagg | 9 % |
| Canada Perm't Trust | 10 % | Standard Chartered ‖ | 9 % |
| Castle Court Trust Ltd. | 9½ % | Trade Dev. Bank | 9 % |
| Cayzer Ltd. | 9 % | TCB | 9 % |
| Cedar Holdings | 9 % | Trustee Savings Bank | 9 % |
| ■ Charterhouse Japhet | 9 % | United Bank of Kuwait | 9 % |
| Choulartons | 10½ % | United Mizrahi Bank | 9 % |
| Citibank Savings ¶ | 10½ % | Volkskas Intnl. Ltd. | 9 % |
| Clydesdale Bank | 9 % | Westpac Banking Corp. | 9 % |
| C. E. Coates | 9½ % | Whiteaway Laidlaw | 9½ % |
| Comm. Bk. of N. East | 9 % | Williams & Glyn's | 9 % |
| Consolidated Credits | 9 % | Wintrust Secs. Ltd. | 9 % |
| Co-operative Bank * | 9 % | Yorkshire Bank | 9 % |
| The Cyprus Popular Bk. | 9 % | ■ Members of the Accepting Houses Committee. | |
| Dunbar & Co. Ltd. | 9 % | * 7-day deposits 5.5%. 1-month 6%. Fixed rate 12 months £2,500 9%. £25,000 12 months 9.5%. | |
| Duncan Lawrie | 9 % | | |
| E. T. Trust | 9½ % | | |
| Exeter Trust Ltd. | 10 % | † 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%. | |
| First Nat. Fin. Corp. | 11 % | | |
| First Nat. Secs. Ltd. | 10½ % | ‡ Call deposits £1,000 and over 5½%. | |
| Robert Fraser | 10 % | ‖ 21-day deposits over £1,000 6½%. | |
| Grindlays Bank ‡ | 9 % | § Demand deposits 5½%. | |
| ■ Guinness Mahon | 9 % | ¶ Mortgage base rate. | |

# Civil Service report wrong

By Kevin Brown

A REPORT by the International Monetary Fund (IMF) in which the UK was shown to have more civil servants than any other industrialised country, was wrong, the House of Commons has been told.

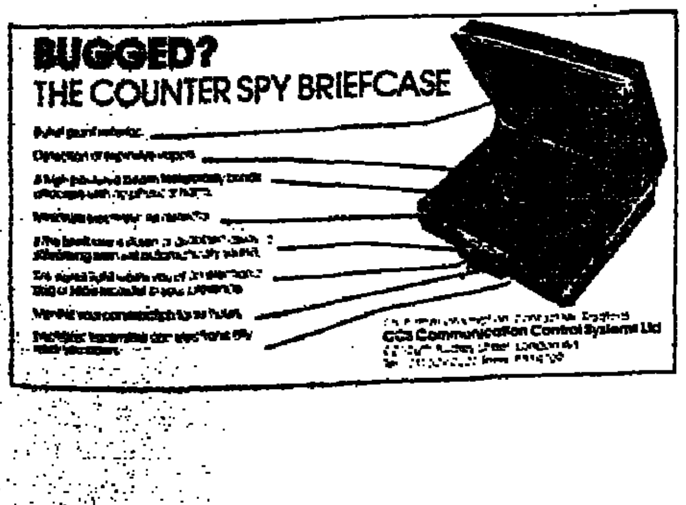
Mr Barney Hayhoe, the Treasury Minister with responsibility for the Civil Service, said the IMF had accepted the report was incorrect and agreed to publish a correction.

Mr David Atkinson (Conservative) asked during question time in the Commons why the Government was still recruiting civil servants, in view of the report.

Mr Hayhoe replied: "That report is not accurate in any way and too much stress should not be laid upon it."

Mr Hayhoe said the functional analysis in the report showed an error of 440,000 in the number of civil servants involved in administration.

"We are having considerable success in bringing down the size of the Civil Service and we now have the smallest Civil Service since the War," he said.

# TECHNOLOGY

EDITED BY ALAN CANE

INNOVATION IN CHUCK DESIGN

## Key to the automatic drill

BY PETER MARSH

A NEW chuck for hand-held drills promises relief for robotics engineers and home-decorating buffs.

Developed by a woman inventor in a cramped flat in North London, the device is self-adjusting. A person can insert into the chuck a drill bit without having to tighten the hardware with a key.

For people with drills—from industrial engineers to the do-it-yourself enthusiast—the device could end the frustration of continually adjusting the chuck each time a different bit is used.

In industry, more than half the time of some drilling operations is spent fiddling with a key to change bits.

The chuck could also see use in automated factories. The device could form part of the *mechanical hand of a robot,* in jobs such as drilling or the insertion of screws.

**In industry more than half the time of some drilling operations is spent fiddling with a key to change bits**

The robot could change tools automatically, so transferring between different jobs more easily.

Jean Walton, an engineer who has spent much of her career in the hi-fi industry, has spent £20,000 developing the device. This includes fees for patenting the invention in several countries.

To raise funds for the development, Ms Walton has even sold part of her house, leaving her with just two rooms on the ground floor.

Hampson Alamein Engineering of Worcester is on the point of making the device. Over the next few weeks, the company will test three prototypes of chuck.

If the trials succeed, the company will start production later this year, says Mr Anthony Hampson, the managing director.

Mr Hampson says that over five years his organisation could turn out "millions" of the devices.

*Jean Walton has spent most of her career in the hi-fi industry.*

The chucks would initially be sold for about £20 each, as part of drills for professional engineers and builders. Mr Hampson says he is particularly interested in selling the hardware to the robot industry.

Eventually, the devices could feature in drills for the domestic decorating enthusiast, a much bigger market. Each year DIY addicts buy about 10m drills. The chucks for these drills sell for £1 to £5.

Ms Walton started work on the chuck three years ago. "I saw that nothing was available to replace the key-type chuck. I had to start from scratch, learning how these devices work."

In conventional chucks, a person inserts a bit and then tightens a thread on the device with a key. This brings together several small pieces of metal—the "jaws" of the device—that clamp the bit in place.

The key must be inserted into a small hole each time the bit is changed. Often, people mislay the key or accidentally leave it in position after the drill is turned on, increasing the time of drilling operations.

Some manufacturers sell keyless chucks. Such a device has a ring which is turned to tighten the jaws. But these chucks contain a lot of intricate parts and are expensive. A chuck of this kind for a domestic power-drill costs £10 to £15.

The heart of Ms Walton's device comprises two small tubes which can slide against each other to form a stiff column.

Instead of being flush, the facing ends of the tubes are shaped like a helix.

Initially, the components are separated. One is fixed and the other can move axially and also rotate.

Inserting a bit into the spring-loaded jaws of the chuck pushes the movable tube toward the fixed component. But the two helical faces of the components stay apart by a fraction of a centimetre.

At this point the power is switched on to turn the drill. The first imperceptible movement of the chuck pushes the two faces together.

A series of some 50 tiny teeth on the tubes engage, so that the two parts behave as a fixed unit. Further motion of the chuck tightens the jaws to grip the bit.

To release the bit, the user unscrews a clamping ring to separate the two tubes, causing the jaws to relax.

In Ms Walton's invention, the chuck can accommodate bits of any diameter up to 1.25 cm.

**To raise funds for the development Ms Walton has even sold part of her house**

The most difficult part of the development was in designing the teeth in the helical faces of the tubes. These are like the stairs in a spiral staircase. But the "staircase" ascends not smoothly but with a gradient that gradually increases.

Ms Walton spent a fortnight producing some 50 engineering drawings before she worked out the exact positions for each tooth.

For large production runs of several thousand chucks, the parts will be made with a sintering process. A piece of metal bearing the impression of the teeth will press down, with a force of several tonnes per square centimetre, on a powder in a capsule.

In this way the powder, containing iron and alloying elements, coalesces into solid metal and takes up the shape of the teeth.

The power-drill industry is generally enthusiastic about the new chuck. For instance, Kango Wolf Power Tools, which makes drills for industrial applications, is interested in buying the devices if the initial trials prove successful.

LASER SYSTEMS

## Light dawns on digital maps

BY ELAINE WILLIAMS

LASERS were once described as a solution looking for a problem. Today they have applications in many industries including telecommunications and medicine and, more recently, in turning maps into computer form.

A small British company, Laser-Scan, based in Cambridge uses lasers as the basis of its products to digitise maps.

Laser-Scan was set up in 1969 by three researchers from the Cavendish Laboratory of Cambridge University. They produced specialised equipment for high energy physics applications.

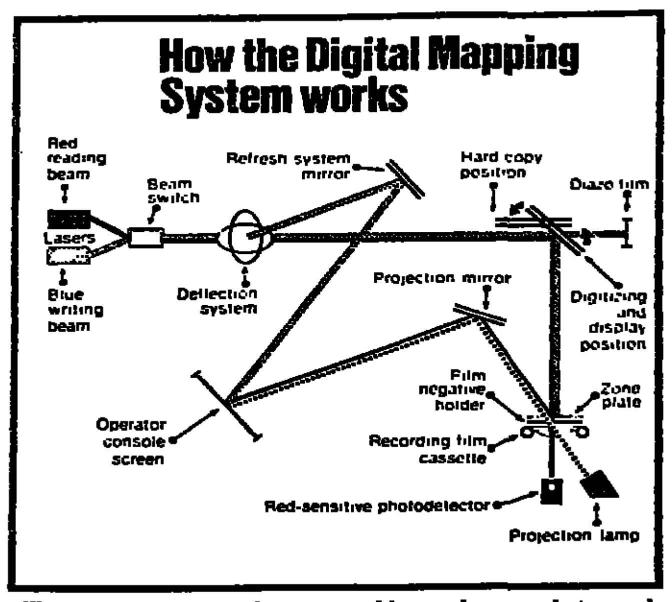
Common to most of the company's products is the deflection of laser beams plus harnessing of optics, mechanics, electronics and computer science. As well as mapping systems, it produces laser printers, editing stations and military command and control systems to keep track of troops on the battlefield.

Unlike its competitors, Laser-Scan uses a different method of digitising map information and is semi-automatic rather than fully automatic as are most competing systems.

This means that an operator sits at the console and intervenes if the computer controlled digitiser loses its way and stops. This digitiser can be programmed to follow boundaries, contours and other map features. It stops if it meets a junction or a break in the line. The operator can then ensure that the map is correct at all stages of digitisation.

With other processes based on fully automatic raster scan systems, the whole of the map is scanned and digitised in one go. Then the cartographer has to correct all the mistakes which the computer makes in digitising symbols as the computer cannot easily discriminate between them. Errors are also introduced by the raster scan technique which approximates a line with a series of dots.

Laser-Scan's system, called Lasertrak, uses a laser to follow lines and symbols rather than scan the whole map. Once a line has been tracked and digitised by one laser, a second laser paints out the line from the picture. This is done because a photocromic film overlays the map which is in the form of a photographic negative. Running the second laser over the map darkens any line it touches and thus paints out the line. This allows the operator to check progress.




*The system uses two lasers, one blue and one red, to read and write, as part of the map digitising process.*

Turning maps into digital form is becoming increasingly popular among cartographic agencies and government-controlled mapping organisations.

There are some benefits in digitising maps including the ability to easily edit maps which are stored in the memory of a computer and to scale up or down from map information stored in one scale.

Business for digital mapping mainly comes from government agencies such as the Ordnance Survey in the UK and the military. Utilities are another large customer.

Examples of private sector use are automated mapping in land use planning and forestry. Oil companies use them in the location of pipelines and pumping stations. Utilities plot underground cables, building connections and manholes.

Ordnance Survey, for example, today holds more than 20,000 large-scale maps in digital form which are used mainly by local authorities and public utilities. OS already has some of Laser-Scan's equipment. It is looking at the potential demand for its small-scale maps to be sold on magnetic tape for home and office computers.

Without automated systems for digitising maps it could take up to 50 years to carry out the work with manual digitisers. With automation it would still *take more than a decade.*

It is expensive to enter digital mapping costing a company about £500,000 for complete systems. And there may not be great advantages for several years. Laser-Scan, for example, says that it can be ten to 20 times faster to digitise contour maps automatically compared with manual versions, but perhaps, only twice as fast for the more complicated town maps.

Laser-Scan, which had a turnover of £2.68m in 1983, realises that it must sell in America because it is the largest single market in the world for mapping. International Data Corporation estimated that the market for computer aided mapping in 1983 was worth about U.S.$135m in the U.S. and this is forecast to triple by 1987.

Last year Laser-Scan floated 30 per cent of its shares on the Over the Counter section of the New York Stock Exchange. It has set up an office in Washington and made an important sale in Canada to Renald Carriere and Associates, a mapping and consultancy company.



Exhibitions

## Test shows merged

TWO EXHIBITION organisers, Network Events and the Evan Steadman Communications Group, have decided to work together to stage a single test and measurement exhibition for Europe. The first will be at Olympia from October 31 to November 1, 1984.

It will be called the International Test and Measurement Exhibition, ITAME, and will incorporate the existing ATE (Automatic Test Equipment) and Testmex shows.

A joint announcement from the two organisations states that the decision was taken by an independent committee representing a broad spectrum of organisations in the test and measurement industry. The statement says the move "ends months of controversy and speculation following fragmentation in the exhibition world during 1983."

FMS

## Unmanned manufacture

CINCINNATI MILACRON has developed a new unmanned flexible manufacturing system which embraces machining, pallet handling and automatic work loading, parts measurement, and parts washing

The units involved are a Milacron T-10 machining centre with eight pallet work loading stations, an LK horizontal co-ordinate measuring machine, and a CERA wash station incorporating a T3-726 industrial robot.

At the Mach 84 exhibition, where the FMS system will be on show, there will also be an interactive simulation of the equipment that will enable visitors to change the operating sequences entirely at random. More on 021 351 3821.

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Shipping in transition

## A tactician's touch on P & O's tiller

**Andrew Fisher on the changes at Britain's major shipping group**

HONEYMOONS do not last very long, and that between the City and Jeffrey Sterling, chairman of Peninsular and Oriental Steam Navigation, which has lasted for all of three months, must soon draw to a close.

The next few weeks are likely to be some of the most critical ever for P & O, the UK's largest shipping group, which brought in property man Sterling to take over the wheel after Trafalgar House had shaken the shipping, transport and construction group to its foundations by launching a near £300m bid for it last May.

P & O has gained valuable breathing space by the referral of the bid to the Monopolies and Mergers Commission, which is due to report—after one postponement — later this month. Will it give Trafalgar the go-ahead? The odds are that it will, and Sterling has been bracing himself and P & O for just that.

More important, will Nigel Broackes lead Trafalgar, also involved in shipping and construction, back into the fray? That is less certain, though Broackes is not a man to give up easily. As well as adding to its oil interests, Trafalgar has indicated it may add to its offshore construction interests by moving into Scott Lithgow on the Clyde.

Both Broackes and Sterling are acute tacticians, well versed in the inrticacies of takeovers. Until Sterling was appointed to the P & O chair, which he occupied last November, the company did not have the sort of leadership to give the City confidence that it could, or deserved to, beat off the bidder.

Sterling himself, now well out of the wilderness after turning round Town and City Properties from the disastrous period of the mid-1970s property collapse, makes little mention of the bid in conversation. "We will dictate the future of this company," he asserts. "We are running a company for the 1980s and 1990s."

Another key event this month, and a pointer to P & O's future ambitions, will be the floating out in Helsinki in two weeks' time of the group's £100m luxury cruise ship, to be named the Royal Princess (see illustration). Still to be fully fitted out it will be the most expensive cruise ship ever built. Sterling intends to be at the float-out.

He may well reflect, as the vessel slides into the water at the Wartsila yard, of the enormity of the task he has taken on. Running P & O far outweighs anything he has done before. Its profits have lurched about so much in the last decade that the 1982 pre-tax profit of £34m was virtually the same as that of 1973, with a high of £48m in 1974 and a low of £18m in 1978.

Certainly, he has shaken things up at P & O. He had been a non-executive director since 1980. "He's made an impressive start," said one leading shipping analyst. "The company has been much on the defensive, and he's injecting some sort of drive."

Sterling: leading from the front

But the 49-year-old Sterling, who spends much of his non-working time on the tennis court or at the chess board (music and charitable work are other key interests), still has to prove himself in the longer term.

As well as running P & O, he remains chairman of Sterling Guarantee Trust (formerly Town and City) and acts as part-time adviser to Norman Tebbit, Secretary of Trade and Industry.

In his first three months, Sterling has moved fast. He has changed senior management in deep-sea shipping, switched merchant banks, sold a half stake in a gas shipping venture (though the main gas fleet remains), abolished the executive committee — "I don't like committees" — and put his right-hand man at Sterling Guarantee, Bruce MacPhail, onto the P & O board as a non-executive.

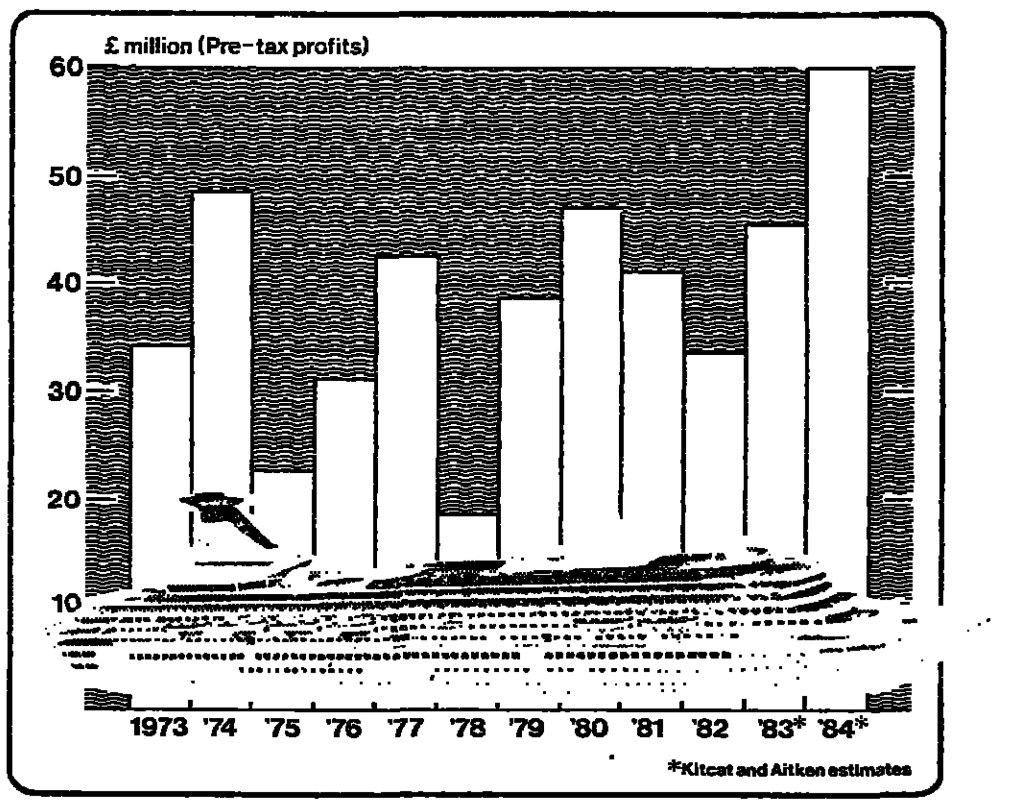
He has left employees in little doubt about how he will act. "I intend to lead P & O from the front," he declared in an address also sent to shareholders. He explained that he viewed management as a privilege not a right, wanted entrepreneurial managers who would abide by agreed profit and cash flow criteria, and would bring on young managers.

"We are in a fiercely competitive world and there are no prizes for coming second," he said aggressively in the address. But it will take more than words to shake off Trafalgar, if Broackes storms back, even though Sterling must have brought some impressive institutional backing with him to P & O.

Sterling, who does not come from the traditional Eton and Cambridge background of his predecessor, the shy but determined Lord Inchcape—the new P & O boss went to a grammar school and studied at the Guildhall School of Music—is well aware that results will be needed.

He is passionate about the need to motivate managers and staff. Apart from moving around the company and talking to as many people as possible, he has personally gone through every manager's budget, making clear that he understands exactly what figures mean. His interest in the intricacies of the business, say colleagues, is palpable.

Thus, managers have been pressed to justify all their expenditure and, for example, have had to ensure that money owed to P & O is paid as promptly as possible. This exercise, within an overall blitz on working capital, has helped towards bringing debt sharply down at the year end from the £375m at the end of 1982.




Several expansion moves are contemplated in shipping, and Sterling's commitment to decentralisation has just been shown with the decision to move out of the Beaufort House headquarters in the City.

Beaufort House will go up for sale and the lease should fetch around £15m. The move to a small central West End office, with some activities staying in the City, cruises moving down to Southampton and bulk shipping to south London, should save around £2m a year. Later, the former headquarters in Leadenhall Street, which P & O left and rented out when the going got tough in the late 1970s, could be sold for up to £70m, if a buyer appears.

If Broackes has done nothing else, therefore, he has been a catalyst at P & O, with its erratic profits record. It has spent much of the last few years trying to extricate itself from the mountain of debt which piled up during the heady days of its over-expansion in the 1970s. After its bid, Trafalgar still has a 7 per cent stake in P & O, with Sterling Guarantee having recently built up a 4 per cent holding.

Since 1978, P & O has sold ships, oil exploration interests and property to try and restore its fragile balance sheet. So Sterling's task will not just be to ward off or discourage Trafalgar, but to give P & O the shape and style it has so long lacked.

"My contribution is to accelerate change," he says. "I think one can motivate people to be excited at that prospect and not afraid of it." But he adds: "It is important to stress that you don't have to do anything dramatic. If the business is well established, rich in tradition and history, nothing dramatic is needed."

Sterling sees P & O as an international transportation group with one major and successful diversification, the Bovis construction company. He does not plan to go into unrelated areas. Some peripheral activities may even be sold off, though only at the right price.

### Gas ships

Several new ideas are germinating on the shipping side. Talks have begun on the possibility of buying a new 170,000 deadweight ton bulk carrier—these cost around $30m—for the iron ore trade from Australia to the steel mills of Japan. This would be linked to firm freight contracts.

The £40m project to build a large new ferry for North Sea Ferries, in which P & O's partner is Nedlloyd of Holland, may be revived, if the management's case is convincing enough. And having just sold its half share in the Mundogas fleet of five gas carriers to partner Thyssen-Bornemisza of the Netherlands for around $16m, it is looking at "exciting proposals" from the Far East for its fully-owned fleet of nine gas ships.

Expansion at P&O Ferries, where the company is dwarfed in the cross-Channel market by Townsend Thoresen and Sealink UK (part of British Rail, and soon to be privatised), is less certain.

But like Broackes, he has been eying Sealink itself. He has just formally told the Government he is interested. Full bids have not yet been requested by the Department of Transport, which wants to sell to one concern—the price could exceed £50m, depending on how much debt is written off—rather than go for a share placing in the City.

In the offshore sector, where 75 per cent-owned P&O Australia has a fleet of service vessels, there is hope that the growth of oil exploration off China will lead to new business. Like TCB (formerly Twentieth Century Banking) and P&O Falco (the highly profitable, mostly U.S.-based, oil trading company), P&O Australia could eventually be sold off, if the right price were offered.

Most analysts expect 1983 pre-tax profits for the group to be £45m or more, with up to £60m in 1984. Sterling indicates that for last year at least, they will not be disappointed. A dividend rise from 10p to around 12p is also hoped for by the City's P&O watchers. As for a possible merger between Sterling Guarantee and P&O, which would probably deter Trafalgar House for good, he says this is purely an option.

It is on future profits and dividends, if P & O stays independent, that Sterling's performance will mostly be judged. He has taken pains to see that those running the various businesses are in tune with his style. Thus he has changed the top management at the deep-sea shipping division to promote a more entrepreneurial approach.

The abrupt change of merchant bankers from J. Henry Schroder Wagg to Morgan Grenfell, the takeover specialists, was also made to accord with the sharper Sterling style. He did away with the executive committee, which used to recommend key investment, sale and budget decisions to the full board, because he saw it as superfluous.

Sterling is determined to avoid any situation in which one part of P & O's business could pull down the rest. In any new venture, potential profits will have to be firmly measured against the downside risk.

Among its basic activities, Sterling sees the present seven-ship cruise fleet, valued just after the bid at £149m, as a modern continuation of the former P & O passenger business, with the 47 per cent stake in the Overseas Containers Ltd (OCL) consortium as a follow-on from its pre-container liner shipping side.

If Trafalgar, involved in both cruising and container ships via Cunard—its cruise flagship is the ageing QE2—did acquire P & O, the OCL stake would have to be offered first to the other two UK shareholders. Its value could be around £90m.

With Sterling now on centre stage at P & O, and Broackes waiting to see if he can re-enter from the wings, the UK shipping sector has been given a timely jolt since last summer. Rises in both companies' share prices have increased the valuation of the original all-share bid to over £380m. So Broackes would obviously have to revise Trafalgar's terms if he had a second try.

He has argued strongly that considerable cost savings would flow from a merger of the two groups' shipping and construction interests. Trafalgar's past record is certainly much more sparkling than P & O's. Sterling is now out to prove that the job of making P & O a tighter and more profitable ship is very much under way.

## BUSINESS PROBLEMS

BY OUR LEGAL STAFF

### Non-resident status and capital gains

**I currently run a small family business with my wife as principal partner.**

**I am considering visiting the continent before April of next year in order to investigate the possibilities of setting up a subsidiary operation in France and will expect to be away for something over 14 months. During that time I consider that I would be classed as a non-UK resident for tax purposes since I would receive no drawings from my company in England.**

**I see my non-resident status as presenting an opportunity to dispose of a secondary property, owned solely in my name since 1960, for I understand that if a sale is arranged and completed during the fiscal year I am away there will be no liability for capital gains on the profits arising from the sale.**

**I would be pleased to hear whether you consider my supposition viable and if there would be any likelihood of being assessed for the profits on my return. I also believe that I could return during that year for a short visit without the loss of non-resident status. Is this so?**

On the bare facts, it is unlikely that you would be regarded as neither resident nor ordinarily resident in the UK for 1984-85. To escape CGT, it is not sufficient merely to remain outside the UK for the whole of one tax year.

You will find general guidance in the following free booklets, which you have no doubt seen recommended in our columns from time to time: IR25 — Taxation of foreign earnings; IR20—Residents and non-residents: liability to tax in the UK; and IRI—Extrastatutory concessions. They are obtainable from most tax inspectors' offices.

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

# THE ARTS

## Endymion Ensemble/Wigmore Hall

**Andrew Clements**

"Transatlantic Connections" is the umbrella title of the current series organised by the New Macnaghten Concerts. But in Monday evening's programme in the Wigmore Hall the connection between the transatlantic representative Henry Cowell, and the three young British composers included must have been a highly tenuous one. Cowell's "pioneering spirit"—a fond euphemism for many a composer who talked better music than he wrote—appeared to have had precious little impact on the determinedly European outlook of Anthony Powers, Erika Fox and Vic Hoyland.

All three produced new works for the occasion, two of them commissioned by New Macnaghten Concerts (Powers and Hoyland), the third the winning entry in the Gerald Finzi Composition competition. Erika Fox's *Kaleidoscope* was a perplexing, sometimes congested work. Both the title and the instrumentation—flute, cello, harp, vibraphone—suggested something basically decorative, and as the piece began, tight statements of an economical three-note motif passed around the ensemble in a rapidly changing texture. Yet gradually the simple classification broke down. Instrumental lines took on independent lives and something grittier and more profound was hinted, if not decisively stated.

Both Powers and Hoyland borrowed titles from painting. Power's *Nymphéas* is an intricately worked chamber concerto in all but name, five movements each constructed as a set of double variations and becoming steadily more complex and virtuosic before dying away in a duet for two alto flutes. The composer reveals it as a study for a music-theatre piece on the life of Monet, hence the title. He denies any specifically illustrative intent, but in the carefully imagined sound washes and soft-edged instrumental lines a reworking of musical impressions seems very close to the surface.

Hoyland's starting point was Braque's *Fox*, and he quotes from a description of the painting to suggest his own working method: "a composition built up bit by bit rather than conceived as a whole." The sequence of tiny, self-contained sections recalls the technique of his earlier *Andacht zum Kleinen*, and the cumulative effect of *Fox* is equally impressive: abrasive textures that chafe and jar against each other, Messiaen-like chordal riffs, timeless, serenely sustained interludes of quietude. Hoyland's music seems to gain in stature with every new piece.

## John Nelson/Barbican Hall

**Max Loppert**

John Nelson, an American conductor of note (with performances at the Met of *Les Troyens* and *Jenufa*, among other operas, to his credit), is not well known on this side of the Atlantic—it was unclear, from the programme biography, whether in fact Monday's Royal Philharmonic concert represented his London debut.

At all events, he made in it a strong impression. Performances were consistently forward of delivery, clean of profile; the RPO produced its liveliest form throughout the evening, which is always a special pleasure on the rare occasions when it happens. Moments of loose ensemble, in the opening Britten *Sinfonia da requiem*, and later in an otherwise glowing account of the Vaughan Williams *Tallis Fantasia*, suggested an amount of time shorter than the conductor might ideally have liked.

Americans are usually permitted to bring with them only a small handful of native works to perform with the big British orchestras. Gershwin, Copland, and Bernstein describe the familiar limits and, much as one reverences all three, how nice it would be to have the prescription occasionally altered. On Monday, it wasn't: Mr Nelson's native tokens were Gershwin—the Piano Concerto and a potpourri of songs from *Porgy* and *Bess*.

As it turned out, both offerings were sufficiently enjoyable to banish the usual regrets. In the concerto, the soloist was Andrew Litton (himself a young American conductor of note), whose inflexions, delightfully cool and fly, found similar responses in the orchestra. The two *Porgy* soloists had to overcome Gershwin's heavy scoring, and the additional imbalances created therewith by the Barbican acoustics; Willard White, magnificent as Jake, Porgy, and even Sportin' Life, coped easily; LaVerne Williams, whose soprano is a fallible instrument, was less successful, though her artistry is touching and true. But all the Gershwin sang, and danced, with real verve. Mr. Nelson has surely earned himself a return invitation.

## El Dorado/Stratford, E.15

**Michael Coveney**

There is rather more of an interesting kernel than achieved substance about Michael Abbensetts's new play at the Theatre Royal, Stratford East. The curtain rises on a breathtakingly impressive wooden interior of a Guyanese manse, designed on slant by Robin Don. Gregory, a young doctor, is returning home to find his roots after qualifying in London. The place buzzes with eccentric relatives and a maid, all under the supervision of Faith Brook's insufficiently (as yet) serene white matriarch.

El Dorado is the house of a self-made black man who married a white woman. Now a widow, Jessica van den Bergh plans to bypass a generation and hand the place on to her grandson. But Gregory has heard about the slaves under the floorboards and has found a general practice in Brixton through which he wishes to make his contribution.

It is a brilliantly unfashionable idea of Mr Abbensetts to place the discussion of racial tensions and the loss of black identity in expatriate circumstances, in a middle-class Caribbean ambience of slatted windows, bacardi and coke, potted plants and family skeletons. Aunt Judith upstairs had her boyfriend turned away at the door all those years ago because he only sold stamps.

The mood is not, however, set resonantly enough in the writing, which only really takes off when Gregory, given a silkily anguished reading by Don Warrington, lets fly about the denial of "outlets for blackness" and a middle-class conspiracy with the old *Tarzan* films and the CIA.

Nor does Philip Hedley's production manage the odd switches between expression of love and hate that riddle the household. Allister Bain has a good Chekhovian outburst and Guy Gregory and Carmen Munroe give good support. I would count the piece, in its present state, an intriguing failure.

## Television/Christopher Dunkley

# Why the BBC gets it wrong

In the last ten years ITV has proved highly successful at stealing the BBC's clothes; that is the BBC's first bugbear. The second is that recently the Corporation has had scant success at turning the tables to steal ITV's ideas for chart toppers. And the third is that when the BBC does manage to find a ratings winner for the first time in ages—*The Thorn Birds*—Government ministers promptly start a whispering campaign accusing the BBC of abandoning the pursuit of quality and warning that it may have to whistle for an increase in the licence fee.

The tone in which the words "You just can't win, can you?" are being pronounced this week on the sixth floor of the BBC Television Centre and the third floor of Broadcasting House are doubtless very bitter.

Only last Wednesday, the day the whispering campaign began, the BBCs weekly confidential Programme Review Board was being told by a top Corporation executive that whatever the critics might say about *The Thorn Birds* (quasi pornographic trash would be my own encapsulation) it had entertained a huge audience (the final episode attracted 15.75m, the BBC's biggest audience for more than two years) and if he had anything to do with it they would be screening plenty more material like that if only they could find it at similar prices. The BBC are said to have paid the Americans £600,000 for the eight-hour series. It would cost them a minimum of £2m to originate that much similar drama themselves.

There is little difficulty in understanding that executive's attitude. Terror was injected into BBC hearts in the mid-fifties when the young ITV channel soared away to a 70:30 lead in the ratings. BBC lore has maintained ever since that any regular audience split worse than 55:45 against the BBC will endanger the licence fee. Why should the government invite odium by increasing the licence if "free" commercial television satisfies most of the audience?

The BBC promptly set about learning how to amass ratings with everything from situation comedies to lighter current affairs. Those were the years of *TW3* and *The Wednesday Play, Steptoe* and *Man Alive, Civilisation* and *Dr Who*. With leadership which was bright and brave enough to give free rein to some of its more wild and dangerous spirits the BBC for a while became a hothouse of innovation and fun as well as high quality. ITV tended to look a bit staid by comparison.

The result (not forgetting the BBC's huge advantage in having two channels against ITV's one) was so successful that throughout the 1960s and 1970s the ratings split remained almost static at 50:50 BBC to ITV. But then two things happened to bring the BBC to the nasty watershed at which it now finds itself.

First ITV reversed the competitive process by developing high quality programmes in many areas. Today they can point to *Weekend World* and *World In Action* as examples of excellent current affairs series; to *Brideshead* and *Jewel In The Crown* as world leaders in quality serial drama; to *News At 10* as the most respected and *Channel 4 News* as the most experimental of news programmes; to the *South Bank Show* and a cluster of Channel 4 programmes in the arts; to such major documentary series as *The Spanish Civil War, Vietnam—A Television History, Heart of The Dragon*, and so on.

There are still whole areas in which the BBC maintains its lead, though rarely undisputed. Certainly ITV has nothing in the way of daily current affairs to compare with BBC 2's outstanding *Newsnight*, and the Corporation is still the clear leader in sport thanks to its tenacious hold on exclusive contracts and the unmatched expertise of its outside broadcast units and commentators.

It also leads in children's programmes, educational programmes, comedy, single plays, and Fair Isle Sweater serials which it now extrudes like sausages from a Wall's factory. Sunday saw the start of two more: *Goodbye Mr Chips* and *One By One* which appears to have been cloned off *All Creatures Great And Small*.

The second factor to affect the BBC was the approach of vastly increased choice for the viewer. Channel 4 improved commercial television's competitive position (ITV and C4's audience share has not slipped below 51 per cent since August 1983 and three times has climbed to 58 per cent) but Channel 4 merely represents the last gasp of the old system of rationed television using tall transmitter masts and scarce wave lengths.

More important than Channel 4 as precedents illustrating the process now beginning with the new technologies and setting awful problems for the BBC were the opening of local radio and the start of breakfast television. Both were first mooted in the commercial sector but both were launched first by the BBC. Each new aspect of broadcasting represents a fresh way for the commercial sector to make money—even if it takes time as with local radio and breakfast television.

But for the BBC every new area means a need to stretch the licence fee further. Spend a few millions on breakfast and your budget obliges your drama department to import American tosh such as *The Thorn Birds* instead of originating another *Boys From The Blackstuff*. Some critics suggest that the BBC should simply stop its frantic attempts to match every move made by commercial broadcasting.

However, Corporation feeling has always been that if whole areas of broadcasting are ever ceded voluntarily to commercial interests an inexorable process of shrinkage will have begun which will end inevitably in the marginalisation of the BBC. Corporation eyes are often cast nervously upon the scene across the Atlantic where a rampant commercial system overshadows a tiny public service sector which may attract critical applause by showing British quality drama but is of little account in the larger broadcasting scene.

Hence the BBC decision to spend a lot of money pre-empting ITV's breakfast plans. Hence the early claim to satellite channels. But the satellite plans are now stretching the Corporation on the rack in a manner which will surely become all too familiar if the BBC goes on and on trying to grow as fast as everyone else put together.

Although the BBC has always used the domino theory to oppose any suggestion that it should go commercial with its more popular services ("Give way on Radio 1 and tomorrow it will be Radio 4 and then BBC2") it was accepted from the very beginning that this principle would have to be abandoned for satellite services which simply could not be financed out of the licence fee. Now, having agreed to surrender its virginity only to find that even that won't provide enough money, the Corporation is trying to scramble into bed with ITV.

It is at this stage that even the BBC's best friends and sturdiest champions may start to have difficulty with the squaring of circles. If it is OK to join ITV and run a commercial service off a satellite, why not off a transmitter mast? If BBC budgets are already overstretched, necessitating the import of cheap populist rubbish as *The Thorn Birds*, should the Corporation not be considering how to conserve its money rather than how to expand?

You rapidly find yourself back with the original dichotomy: on the one hand there is little point in a public service system supported by licence fees merely replicating commercial broadcasting, and on the other hand it would be a scandal to allow an organisation with the BBC's achievements, experience and reputation to shrink down until it was simply an American style public-service token.

The answer, surely, is not for any revolution but for a modification in priorities. Of course the BBC must to some extent keep up with new technologies, new programme areas, and new programme practices—indeed a little more vitality and experimentation of the sixties sort would improve its standing. And of course the BBC must achieve some respectable ratings. A banker such as *Coronation Street* commanding critical acceptance and perpetual high ratings would be a godsend, though doubtless that is crying for the moon.

But too much weight has been put on the fifties ratings scare. The BBC should now make its very first concern not ratings but quality. If the Corporation had to go into breakfast television it should have used its great experience and its huge news infrastructure to produce a high quality morning series commanding respect. *Breakfast Time* may be slick and charming and it may out-rate TV-am (just) but the BBC should have no truck with the peddling of astrology: that way lies dismissal for producing frivolous rubbish at public expense.

Huw Wheldon used to boast that the BBC's great virtue was that it gave you the right to fail, implying a high degree of risk and innovation. That spirit and a concentration on quality should now be hauled back firmly above the ratings fixation. Independent research to be published soon will show that whatever politicians may believe about the level of the licence, the public values BBC programmes way above the present £46 annual fee.

Rachel Ward and Richard Chamberlain in 'The Thorn Birds'

## Unsuitable for Adults/Bush

**Martin Hoyle**

The pub landlord has flogged the lunchtime stripper's knickers to an importunate punter. She shivers from cold, allergies, and the thought of the maniac who recently murdered her colleague. Meanwhile the alternative cabaret prepare edgily for the evening: a hunchbacked magician of innately good nature, an impersonator incapable of being himself for two consecutive sentences, and a feminist comedienne, her shoulder bristling with chips as proudly worn as military pips.

The Bush strikes lucky more often than any fringe theatre has a right to. Terry Johnson's new play is funny, moving and occasionally (intentionally) engaging.

Feminist Kate has a line in expletives and a gift for anger that hide her infatuation for the compulsively philandering mimic. Her predictable assaults on the stripper's occupation are met with blank amiability. Tish takes her clothes off because "my typing speed's a joke." Her secret affair with Nick, who imitates others because he is nothing himself, comes out with explosive results.

Comic set-pieces include the inept magician's shy confession of love as Kate briskly trusses him up for his escapologist routine; and his beamingly fatuous turn before Tish, ill, frightened and doped, as he produces ball after red ball from his mouth. Kate's comic monologue about pleasures to be derived from household objects is very obscene and very funny.

The climax, as Kate's anger, frustration and loneliness erupt during her act with bloody results, is powerfully written and compellingly acted by Felicity Montagu who takes in the aggressive and the vulnerable, the soft and the spikey, with harrowing ease.

Mike Bradwell evokes perfect playing from his cast of six. Invidiously, I single out Saul Jephcott's hearty incompetence (but occasional success) as prestidigitator; Joanne Pearce's gormless stripper, smiling politeness hiding panic-stricken incomprehension; and Ivor Roberts's absolutely real paternalistic landlord breathing life into what might sound corny. Mr Johnson cheats with the stripper's background and appends a happy epilogue the play hardly needs, but these are small flaws in a work of fun, pain and humanity.

Felicity Montagu

## Academy of Ancient Music

**David Murray**

The period instruments of the Academy orchestra have a soft, unobtrusive timbre that falls easily upon the ear. Within their modest dynamic range, the strings are unusually transparent in polyphony, and the winds—in Monday's Elizabeth Hall concert—unusually reticent: the trumpets in Mozart's "Jupiter" Symphony made little difference to the overall colour. (Why, then, did 18th-century composers make such a point of adding them to music of majestic design?) Any temptation toward expansive Romantic contrasts is naturally thwarted. Though the horns missed the odd note, the playing is generally well-tuned and very efficient.

That said, I have to confess that I found the performances under Christopher Hogwood on Monday dispiritingly neutral. Three superlative symphonies by Mozart and Haydn made up the programme, but the aural returns seemed to diminish steadily. The pleasure of hearing Mozart's Symphony No 29 begin at the right period-brisk tempo, conscientiously innocent of modern point-making, was supplanted by a feeling that *some* points really have to be made. The Andante seemed tasteful dinner-music, nothing more. In the quick outer movements, the virtues of dividing the violins to left and right were smudged by their often being a half-beat apart.

Haydn's 83rd Symphony, "La Poule," did have some heavily conscious touches (plonking lower-string lines in the Allegro spiritoso, for example). Light, brittle delivery sounded apt in the speedy music: in the Andante, Haydn's bold theatrical strokes—bated-breath pianissimos cut by *ff* explosions—utterly lacked conviction. The "Jupiter" Symphony began impossibly fast, a mere typewriter-chatter without expression, and the great Finale—only a little less reckless—had to fend for itself, since Hogwood did nothing to define its structure. Technical "authenticity" is one thing; musicianly responsibility is another, and I thought it was gravely scamped.

## March opening for 'Starlight Express'

*Starlight Express*, the latest musical composed by Andrew Lloyd Webber, opens at the Apollo Victoria on March 27, with a script by Richard Stilgoe, direction by Trevor Nunn, and starring Stephanie Lawrence. The show is budgeted at £2m, a record for a West End production.

## Dutch paintings to follow on Venice at RA

An exhibition of Dutch genre paintings of the 17th century is to be the Royal Academy's main event of 1984. "The Age of Vermeer and de Hooch" will run from September 7 to November 18 and will include four works by Vermeer, including one lent by the Queen. Dou, Terborch and Metsu are also represented among the 80 paintings on view.

The other major exhibition is of 120 paintings selected by Baron Thyssen-Bornemisza from his own collection of 19th and 20th century art, perhaps the finest in private hands. Cezanne, Van Gogh, Picasso, Pollock, Degas, Dali, and Francis Bacon are among the artists represented. Sponsored by Mobil, and with a catalogue written by Anthony Burgess, the show runs from October 12 to December 23.

The other highlight of the year is an exhibition The Orientalists: Delacroix to Matisse, a hundred paintings and watercolours showing how European artists depicted the Middle East between 1790 and 1914. Works by Gerome, Renoir, Lear, Lewis, Roberts and Holman Hunt will be included. The exhibition opens on March 24 and closes on May 27.

The Royal Academy is delighted with the critical acclaim poured on its current venture The Genius of Venice (which closes on March 11). So far it has attracted over 210,000 visitors, but the sponsors, Sea Containers Group, will still have to meet a loss on the exhibition.

The Summer Exhibition lasts from May 19 to August 19. Last year the attendance was 136,086, the highest for 20 years. An innovation this year will be £5,000 donated by the Towco Group, in association with the Architects Journal, for three categories in the architectural section.

A. T.

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 27-February 2

## Theatre

### NEW YORK

**Cats** (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262)

**La Cage aux Folles** (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale à la Gaite Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

**42nd Street** (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

**Torch Song Trilogy** (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

**Dreamgirls** (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200)

**Nine** (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

**On Your Toes** (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370)

**Brighton Beach Memoirs** (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (757 8646)

**A Chorus Line** (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200)

**Carmen** (Vivian Beaumont): Peter Brook has done an excellent job in transforming this Lincoln Center landmark into a spruced-up version of his grubbier Paris Bouffe du Nord home for a fast-paced, stripped-down seven-performer, but wholly engrossing version of Bizet. (874 6770).

**Noises Off** (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (245 3430)

### CHICAGO

**Glengarry Glen Rose** (Goodman Studio): Gregory Mosher directs David Mamet's story of Chicago real estate dealers which premiered at the National Theatre in London. Here the cast includes Mike Nussbaum, Joe Mantegna, James Tolkan and J.T. Walsh. Ends Feb 26 (443 3800).

**E. R.** (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

**Candida** (Goodman Mainstage): Munson Hicks, better known as an actor, adds Shaw's jaundiced view of a minister's marriage to his list of directing credits. Ends Feb 19. (443 3800)

### WASHINGTON

**Beyond Therapy** (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

**Woman of the Year** (*Opera House*): Lauren Bacall plays an overbearing, ambitious woman in this thin musical that was a Tony winner in a bad year on Broadway. Ends Feb 12. Kennedy Center (254 3770)

### LONDON

**Dancin'** (Drury Lane): Bob Fosse's answer to A Chorus Line makes Wayne Sleep and his Dash company look like the real thing. At least the band is splendid, and so is Jules Fisher's lighting. Anyone who has seen Alwin Nikolais or even Fosse's own All That Jazz need not apply. (836 8108).

**Dear Anyone** (Cambridge): Jane Lapotaire, without Piaf's songs, is still a very fine musical actress, but Jack Rosenthal's book to lyrics by Don Black and music by Geoff Stephens is nothing except a few Jewish jokes. Ralph Koltai's design for a newspaper office is an impressive steel astrolabe. (379 5299).

**Hay Fever** (Queen's): Penelope Keith is more "right" for Judith Bliss than were either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The supporting actors roll over without protest. (734 1166).

**Pack of Lies** (Lyric): Judi Dench in a decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

## Max-Ophüls-Preis/Saarbrücken

**Ronald Holloway**

Oskar Lafontaine, the Lord Mayor of Saarbrücken, believes strongly in the cultural value of the cinema: "If theatre can receive DM 12m annually from the city's cultural budget, then the Max-Ophüls-Preis deserves a miniscule DM 80,000." Next year, he feels, the state of Saarland and the West German Government might chip in too, to support what has now become a coveted German, and German-language, film award on the Middle European scene.

The Max-Ophüls-Preis attracts entries from both the Federal Republic of Germany and the German Democratic Republic, from Austria and Switzerland, and from corners of central Europe – like Sudtirol in Italy, Alsace in France, and neighbouring Luxembourg – wherever a German dialect is fostered with a degree of passion. Like the pantheon director after which it was named, the Max-Ophüls-Preis crosses borders easily. This is an "open" festival – with an open give-and-take between jury and public.

For the fifth competition (January 18-22), 25 directors for 28 entries showed in Saarbrücken; the schedule featured 13 feature films from West Germany, five from German-speaking Switzerland, four from Austria and one from East Germany. Film makers apparently like being here, for attendance and enthusiasm grows with the years – indeed Saarbrücken now ranks as one of the most important of the nationally-oriented happenings on the annual festival circuit. Its only iron-clad rule is a production date from the year before, plus the impression of being a feature-length fiction film.

A hustling critic has probably seen all the 1983-produced films programmed at the 1984 Max-Ophüls-Preis. He would still show up – and does. During this year's competition one of the side attractions was a guest lecture at the Saarbrücken University by East German writer Ulrich Plenzdorf on the general topic of *"The New Sorrows of the Young Germans"* (Plenzdorf is the author of The New Sorrows of Young W., a popular updating of Goethe's Sorrows of Young Werther set in the German Democratic Republic of a decade ago).

There was also a roundtable discussion on a Sunday morning with dramatist Rolf Hochhuth, whose play *Arztinnen* (Doctors) had just finished its run in the Staatstheater repertory; the standing-room-only performance of Haydn's *"The Creation"* by the Collegium Musicum in the Audimax of the university, competing with Plenzdorf on the same evening; the *"Super Hit Parade of ZDF"* in the Saarlandhalle, Second German Channel's review of the top pop hits of 1983; the premiere of Feydeau's merry *Der Floh im Ohr* (Flea in the Ear) at the Staatstheater, directed by Willkit Greuel for theatregoers from neighbouring France and Luxembourg as well as the home audience; and some of the finest cuisine found in this part of the country between Trier and Alsace.

Oskar Lafontaine, a name in the Social Democratic Party and a recognised leader in the Peace Movement, spends a good deal of his free time at the Max Ophüls competition. He chaired a roundtable discussion with directors of other prominent German film festivals (Berlin, Mannheim, Hof) and went far out of his way this year to encourage additional state and government officials to support the modest local affair (tagged here "Oskar's Oscar") that has blossomed into a key festival event. Up to now, the city alone funds the primary DM 20,000 award.

Saarbrücken '84, with all the pleasures it offered, however, could not make up for a rather misrable production year across the board in German-speaking Europe. The Max-Ophüls-Preis went to Marianne Rosenbaum's *Peppermint Frieden* (Peppermint Peace) from West Germany; the children's film with an adult twist in the dream-and-fantasy sequences is set in postwar Germany during the Allied Occupation.

As for the audience itself, the runaway favourites were three other West German productions, each sprinkled with wit and humour and a dash of social satire. Hanns Christian Müller's *Kehraus* (roughly; Clean Sweep) has a go at insurance agencies and Fasching celebrations in Munich; it's a howl once the party gets completely out of hand, the best spoof of middle-class mores since Milos Foreman's latest Czech classic, *The Fireman's Ball*. The stars are Gerhard Polt, Gisela Schneeberger, Dieter Hildebrandt, and other members of the top cabaret troupe in Germany today (currently on stage at the Münchner Kammerspiele in an original revue titled *München leuchtet*, or Spotlight on Munich, also directed by Müller).

Doris Dorrie's *Mitten ins Herz* (Straight to the Heart), an entry at Venice last autumn in the debut section, established the film maker as one of the promising woman directors on the German scene.

Foreign critics from Paris and London have been unofficially invited to attend next year's Max Ophüls-Preis. Little doubt, this little Paris in the heart of Europe with its surplus of cultural amenities could easily score as an attractive "season's opener" on the international film festival circuit.

## ENERGY REVIEW

# Kuwait takes up Gulf Oil's European mantle

By Richard Johns

AS GULF Oil retreats as fast as it decently can from Europe to "Fortress America", Kuwait has moved in to fill the breach —buying up many of the U.S. company's assets.

There is a certain irony in the transition. Gulf—still classed as one of the "Seven Sisters" but sliding down the American league table—for 40 years held 50 per cent of the main Kuwaiti oil concession, in partnership with British Petroleum, and grew rich on the proceeds.

Now, short of reserves, it is happy to cede ground to the Kuwait Petroleum Corporation, the state-owned entity which slowly evolved in the wake of Kuwait's full nationalisation of of its oil and gas industry in 1975.

The latest deal was finalised last week when KPC agreed to buy Gulf Italiana SPA for an undisclosed sum. This is another important move by KPC in its advance as a world force —particularly into Europe. The corporation was set up in 1980 to weld Kuwait's oil and gas interests into an international company.

The take-over will almost double the number of retail outlets it has in Europe. Its initial interests were obtained last year through the purchase of Gulf Oil's refining and marketing interests in the Benelux countries and Scandinavia.

The Italian move will also expand KPC's secure market for Kuwait's oil production and for products refined in the Gulf state itself.

The new acquisition is particularly significant for Kuwait's strategy of marketing about half its oil output in the form of products rather than crude, with the aim of earning maximum added value.

Kuwait's current refining capacity of 400,000 barrels a day far exceeds domestic consumption of only about 50,000 b/d. It will be increased to 750,000 b/d next year, with major expansions of the Mina Ahmadi and Mina Abdullah plants which are now being implemented. The Italian network will provide an outlet for the equivalent of about 50,000 b/d of products.

In obtaining the bulk of Gulf Oil's downstream assets, Kuwait has stolen a march on Saudi Arabia. Towards the end of last year Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil, revealed that his country was planning to go downstream, an objective first stated in 1972 but subsequently abandoned.

Over the next two years Saudi Arabia will bring on stream 465,000 b/d of refining capacity from joint venture projects with Shell, Mobil and Petrola. It must find markets for half the production.

Late last year Sheikh Yamani confirmed that Saudi Arabia had been interested in buying Standard Oil of California's refining and marketing interests in Europe. These, however, are to be absorbed into the network of Texaco under an agreement reached last November but not yet finalised. Texaco, unlike Gulf and Socal, is aggressively pursuing expansion abroad.

That was one opportunity lost by the Saudi Government. Another was the purchase of Amoco's Italian assets, which were bought last year by First Arabian Corporation, the company headed by a Lebanese entrepreneur, Mr Roger Tamraz, though largely owned by private Saudi interests.

Market observers were sceptical as to whether First Arabian's affiliate, Tamoil, acting in isolation, could turn the operation into a profitable enterprise. It consists of a refinery at Cremona, with a capacity of 100,000 barrels a day, and a network of 1,100 service stations. But Tamoil claims to have done so.

Nevertheless, there is continuing speculation that the operation might yet be sold to the Saudi state oil agency, Petromin.

Tamoil, as it happens, also put in a strong bid for Gulf Italiana SPA—and are believed to have offered a higher price—but the Kuwaitis were able to clinch the deal. In its negotiations with Gulf in the winter of 1982-83, KPC baulked at both the asking price and the prospect of owning the 82,000 b/d refinery at Sarni, near Milan, which Gulf "wrote off" in 1982 at a cost of $91m.

It also opted out of competing for Gulf's business in Switzerland, where Shell absorbed its 9.5 per cent share of market and a 25 per cent stake in the Cressier refinery.

Certainly, KPC will have established its Italian foothold for a lower price than Gulf would have contemplated a year ago. In Kuwait, corporation officials say that the outlay will be "much less" than the cost of the Benelux and Scandanavian assets. They cost about $129m in cash and $175m in crude oil. Negligible value, if any, seems to have been placed on the mothballed refinery, which KPC has no intention of reactivating. It will supply products for the newly acquired network from Kuwait and in the process add to its already substantial sales to Italy. KPC was, anyway, providing Gulf Italiana SPA with products indirectly through traders.

The deal gives KPC 1,500 petrol stations (many of them small one-pump family-run affairs) and three operations servicing airports, including those at Rome and Milan, which are rated as highly valuable assets.

Kuwait Petroleum International, the London-based subsidiary set up by KPC to run its downstream operations in Europe, calculates that the Italian operation will add about $600m in sales to the $1.4bn generated by the marketing and refining businesses in the Benelux and Scandinavia.

Those takeovers involved two refineries, four lube plants, 17 terminals, a half share of a storage and distribution system in Sweden (with Shell), and a total of 1,575 service stations. The purchase of those refineries made good sense because both were designed to process crude from Kuwait.

Kuwaiti oil has always been the feedstock for the 75,000 b/d facility at Rotterdam, but the Stignaes refinery in Denmark, with an effective capacity at present of 50,000 b/d, has been run in recent years mainly on Saudi crude. Now, however, it has been switched back to Kuwait's medium, somewhat sulphurous variety for most of its requirements.

Mr Nader H. Sultan, president of KPI, said in December that the corporation's five distribution networks in Europe accounted for 118,000 b/d of Kuwaiti production out of total output by the state of about 1m b/d. That would include a proportion exchanged for the 30,000 b/d or so of light crude from Nigeria or the North Sea which it needs for its two European refineries.

The refineries operated at near full capacity last year under KPI ownership, in contrast to 1982 when Gulf slashed throughput and resorted to the spot market to buy products.

Gulf's divestitures of the past year have left it with no downstream business in Europe except its refining and marketing operations in the UK where the company reckons to have 450 retail outlets and 2.5 per cent of the market.

KPI makes no secret of its interest in these stations—nor Gulf in its wish to sell them as part of its complete withdrawal from the European downstream market. The problem is the 80,000 b/d refinery at Milford Haven and the nearby 65,000 b/d fluid catalytic cracking (FCC) unit owned by the Pembroke Cracking Company, in which Gulf has a 35 per cent interest and Texaco the majority share.

Technically, the performance of the FCC upgrading facility has been superb since it came on stream in the summer of 1982. Recently it has been running above its rated capacity, with a throughput of 71,000 b/d, but that has not been sufficient to transform Gulf's fortunes in the U.K.

The trouble is that the cracker cost $950m to construct, compared to the original estimate of about $600m. In 1982 Gulf's share of the Pembroke Cracking Company's losses was £35.81m, nearly all of it relating to defraying the capital cost rather than operations, and more than accounting for the company's overall UK loss (on a historic cost basis) of £35.41m. The company's losses for Europe as a whole in that year were $19m, after making allowances for the write-off of the Italian refinery).

KPC has baulked at the prospect of taking on such a liability, especially as one of its fundamental objectives is to maximise sales of products processed in its domestic refineries. No talks are said to be going on at present with Gulf Oil. But the possibility of an eventual take-over cannot be ruled out, if the Kuwaitis can force the price down sufficiently.

KPC knows that Gulf's share of the cracker would have to be part of any deal if it were to obtain the coveted petrol stations. Corporation officials in Kuwait are understood to be still pondering how the Milford Haven operation might be made profitable.

In seeking to expand overseas, KPC's attention is now focussed squarely on Europe—and it views the U.K. market more favourably than those of France and West Germany.

The corporation's first attempt to expand abroad was in the U.S., where it held talks in 1981 on taking a half share of a refinery in Hawaii with Pacific Resources Inc of Honolulu. But the deal never came to fruition. Subsequently KPC was irritated by the decision of the Department of the Interior to exclude Santa Fe International, the U.S. company which it purchased in 1981, from federal exploration lease auctions. KPC now regards the U.S. as too sensitive politically and the market there commercially too bad to contemplate downstream ventures.

In Europe, KPC is selling products under the Gulf name, which it is entitled to use for five years, while it works on its own trade mark. The tendency is to keep a low profile while allaying suspicions that Kuwait is about to inundate markets with cheap products and compound the problems of the oil industry.

Kuwait's strategy is to "fill a vacuum in the market rather than to try and use aggressive tactics to buy a place in the market," according to Mr Sultan. He emphasises that KPC is adhering to its official policy of charging its refineries with oil at the official selling price.

Depressed market prices could mean that Kuwait has been receiving a "netback"—or effective receipts for crude oil refined and exported as products—of as little as $25-26 per barrel, compared with an official selling price of $27.30, according to a recent calculation by Petroleum Intelligence Weekly.

In addition, the cost of shipping products in relatively small cargoes is high—a consideration which prompted KPC to experiment last year with combining shipments of crude and products in Very Large Crude Carriers. Yet, with its minimal crude production costs, it can easily absorb refining losses as it seeks to strengthen its position as a seller of products to Europe and the Far East.

KPC's two published reports to date, covering the period up to mid-1982, give no insight into the economics of its refining operations. In the fiscal year 1982-83, however, its overall profit was 307m Kuwaiti dinars (the equivalent of $1.07bn for that period) and a similar out-turn, far exceeding original forecasts, is expected for 1983-84 by Sheikh Ali Khalifa al Sabah, the Minister of Oil. At an admittedly low level of crude output, refined products have probably been earning more for KPC than crude exports, according to Mr Sultan, the company president.

Kuwait's exports of refined products to Europe in the 12 months ending September, 1983, amounted to just over 5m tonnes, the equivalent of about 100,000 b/d, compared with 2.54m tonnes in the same period of 1981-82. The shipments were substantially exceeded by those of the Soviet Union (32.50m tonnes) and other East European countries (13.83m tonnes) as well as those of Algeria (7.75m tonnes). Nevertheless, exports to several member countries of the European Community were above the tariff-free quotas allowed under the General Scheme of Preferences for developing countries.

Apprehension about possible retaliation prompted Sheikh Ali to warn last November that the Gulf Co-operation Council (grouping the Arab oil producers of the region) would have to embark on serious trade negotiations with the Community and Japan.

In fact, the EEC has not levied any tariffs on imports of refined products over and above the quotas nor does it envisage any such action being taken, despite the downstream problems of the oil industry in Europe.

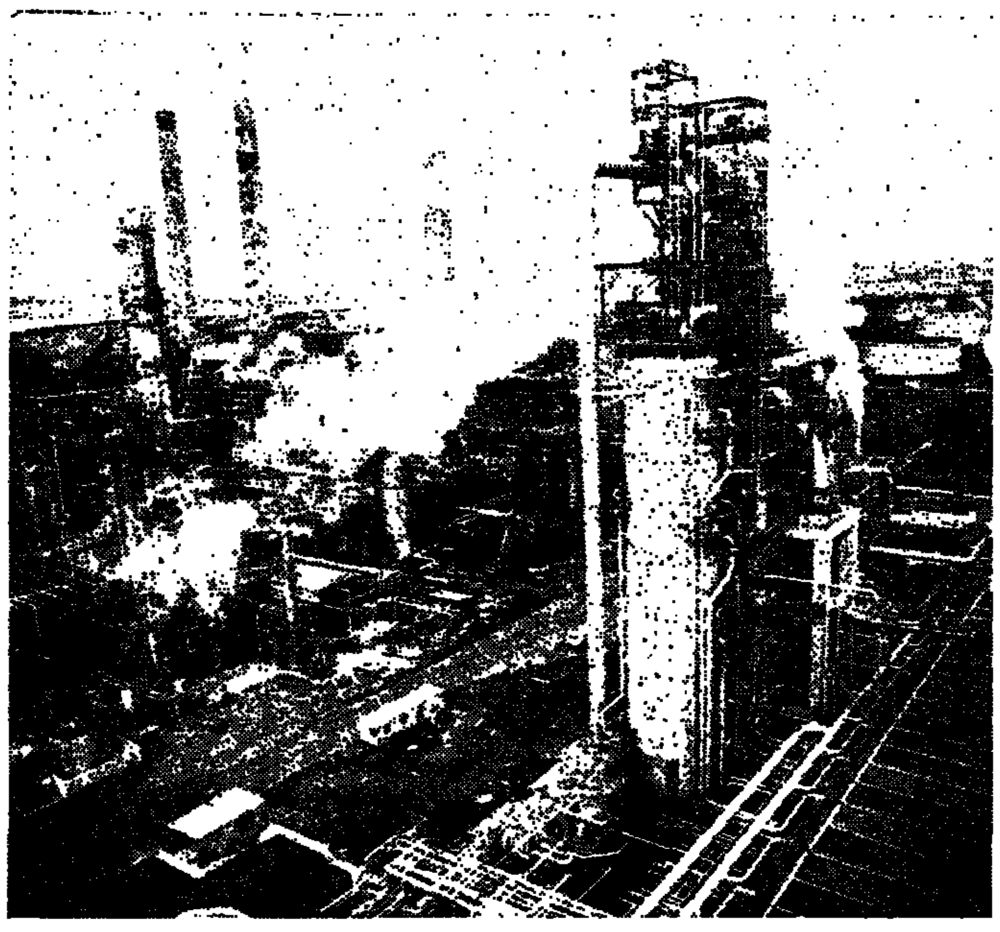
Brussels is taking a relaxed view of the Arabian challenge at the moment but, with increased Saudi and Kuwaiti capacity in prospect, that could soon change.

**KPC IN EUROPE**

Market share in oil products* (Per cent)

| | Retail | Total |
|---|---|---|
| Belgium | 6.1 | 4.0 |
| Denmark | 7.0 | na |
| Italy | 3.4 | 3.2 |
| Luxembourg | 10.0 | 9.2 |
| Netherlands | 2.5 | 2.2 |
| Sweden | 9.5 | na |

* The proportion claimed by Gulf Oil in 1982.



The Texaco-Gulf fluid catalytic cracking unit at Milford Haven, south Wales: a hurdle to any Kuwaiti deal with Gulf in Britain

**Kuwaiti Exports to Europe: Refined Products**

(October 1982-September 1983 millions of tonnes)

| | Naphtha | Gasoline | Gas/Diesel | Heavy Fuel | All products |
|---|---|---|---|---|---|
| France | 0.314 | — | 0.023 | 0.471 | 0.808 |
| Germany | 0.263 | — | 0.574 | — | 0.838 |
| Italy | 0.297 | — | 0.712 | 1.459 | 2.468 |
| Netherlands | 0.473 | — | 0.112 | 0.235 | 0.820 |
| UK | 0.077 | — | — | 0.071 | 0.148 |
| Totals | 1.424 | — | 1.421 | 2.236 | 5.082 |

Source: OECD

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Wednesday February 1 1984

# Good news for those in work

THE LATEST CBI quarterly survey of industrial trends must make very pleasant reading for a Chancellor beginning to frame his first budget. The recovery in the UK is broadening and consolidating, thought it still appears a long way short of a boom; and while there is some suggestion of prices edging up a little faster, foreign competition is still keen, and companies are prepared to spend more than before to improve efficiency. It is small wonder that Mr Nigel Lawson has been talking recently as if he really believed the official forecast of 3 per cent real growth this year — which was greeted as over-optimistic when it first appeared in November

Because the general findings are so positive, it is important to keep them in perspective. As the CBI points out, terms like "optimistic" and "above normal" are relative; manufacturers' expectations have been cooled by some bitter experience in recent years. By historic standards order books are still very short, with two-thirds of firms holding orders for three months' output or less, capacity is under-used and demand is overwhelmingly the main constraint on output. The recovery is still heavily dependent on the home market — as might be expected, given the condition of most export markets; and low or uncertain returns are still inhibiting investment by about two-fifths of respondents.

However, the movement is in the right direction. Output is not only expected to rise, but has been rising for the past four months — yet more evidence to cast doubt on the very flat official statistics. Export deliveries have been disappointing, but are expected to rise (the sharp improvement in December may have been the first stage of this improvement). Most encouraging, perhaps, a significant minority of companies — 18 per cent — are now planning to expand capacity. This is confidence.

The bad news—not that it is very bad—concerns costs, prices and employment. Costs are reported to be rising by a slightly bigger majority than before, possibly confirming our own misgivings about the trend of earnings, as well as the sharp recent rise in the costs of some materials; and nearly half the respondents—a sharp jump—expect to pass on some of this rise in prices.

### Incentives

The CBI, which has long experience of interpreting its own survey results, is not alarmed by this finding, which reflect much lower inflationary pressures than in the 1970s, but this is not very satisfactory in this relatively early stage of a return to adequate capacity working. Employment, meanwhile, is still expected to fall. Even allowing for the normal tendency of employers to underestimate their own labour requirements, it hardly seems likely to rise.

All this suggests that the CBI is right in arguing that some relief to costs should be a major objective in the Budget. The employers want reductions in employment taxes (which are low by European standards) and in the rate burden. The Chancellor appears more inclined to think in terms of tax relief at the bottom of the scale, to restore incentive at low pay levels. For the long run, this concern with incentives is certainly right—markets cannot work with inadequate incentives; but this is a costly approach. The CBI recipe might produce quicker results for less money, but we hope Mr Lawson will be bold enough to try his own prescription on an adequate scale.

# Ceasefire hopes in Angola

IN THE long search for Namibian independence South Africa's decision to disengage its forces in Angola—which could ultimately result in a formal ceasefire in the area—is a small step back to where we were before. It is nonetheless a vital precondition for any further progress towards a peaceful settlement in Namibia, and reconciliation between warring parties within Angola.

The move announced by Mr P. W. Botha, the Prime Minister, is hedged about with vague conditions, underlining the difficulty he must have had in persuading his military commanders to give up advantage gained from invading southern Angola back in August, 1981.

Perhaps the most significant part of Mr Botha's statement was his insistence that the interests of South Africa must take priority over the interests of Namibia. He then spelt out the heavy costs of fighting the war and administering the territory, put at more than R1bn (£560m) a year. The implication was that he may have finally decided the costs outweigh the benefits of remaining in Namibia.

It would be unwise, however, to raise hopes of a long-term settlement too high. Yesterday's move does not begin to tackle the two intractable problems which have bedevilled negotiations over the past three years: the South African and U.S. insistence on withdrawal of Cuban forces from Angola as a pre-condition for settlement in Namibia; and the need to resolve the war within Angola between the Government in Luanda and the Unita guerrilla army in the bush.

If the Angolan Government is expected to restrain Swapo guerrillas from infiltrating Namibia, as part of a ceasefire, then South Africa must simultaneously hold back Unita. Angola cannot be expected to agree to a Cuban withdrawal if it is still facing a serious security threat, especially one enjoying South African support.

Within Namibia, South Africa must be prepared to accept the probability of a Swapo victory in any independence election, something which has been abhorrent up till now. Any attempt to fudge the elections, or somehow exclude Swapo, will only lead to a collapse of the settlement process.

The road ahead is littered with obstacles, which have already upset the negotiating cart on at least one occasion. Yet the U.S. and its western allies have invested a lot of credibility in the exercise to produce a settlement in Namibia. Progress has been desperately slow, and if the latest small advance proves as fruitless as previous efforts, it will be a serious setback for western diplomacy.

# Sensible reform

THE Government's White Paper on electoral reform published yesterday deserves almost unqualified support. The document is a response to a report of the Select Committee on Home Affairs which came out just before the last general election and was welcome in itself. Yet the Government now proposes to go even further in the way of sensible change.

Three areas stand out. Recent research has shown that the electoral register tends seriously to understate the number of people who ought to be able to vote—by nearly 15 per cent in inner London. The Home Office will prepare a draft code of practice to seek to remedy this deficiency.

Since 1918 members of the armed forces and other crown servants have been allowed to vote in a British general election while posted abroad. The same right was not extended to those who may be abroad for other reasons: for example, in the private sector. The Select Committee proposed that the right should be given to all UK citizens who have previously lived in the UK and are now resident in another part of the European Community. The White Paper caps this by suggesting that the vote should be offered to British citizens anywhere, provided that they are not away for more than seven years.

Also in 1918 the electoral deposit was introduced to deter frivolous candidates. It was set at £150 and has not been changed since, though it would represent over £2,000 in today's money. The White Paper proposes to raise it to £1,000 while reducing the threshold at which it is forfeit from 12.5 per cent to 5 per cent of the vote. That should deter most of the frivolous without unduly discriminating against the smaller parties.

A Bill is promised for the next parliamentary session. It should not be crowded out.

MITTERRAND AND THE UNIONS

# Why warning lights are flashing

By David Housego in Paris

COMMUNIST sniping at the French Government's industrial policies has been growing steadily more intensive. But so far there has been nothing so brutal as the threat brandished on Sunday night by M Henri Krasucki, the head of the Communist-led CGT union, of "mass" union action against the Government.

His declaration contains a strong element of bluff because the CGT no longer has the capacity to bring out its troops in this fashion. But the warning nonetheless bodes ill.

For in attempting to push through a major restructuring of French industry that will eventually cut the industrial workforce by a half million, the Government has had to face three dangers.

First, France is a much more volatile country than most in Europe, where anger—as in the Breton farmers' revolt last week or the steel riots of 1978 —can rapidly turn to violence. Secondly, the sharp increase in unemployment carries the risk of a head-on clash with the major left-wing unions—the CGT and the pro-Socialist CFDT—which have been, since 1981, the main guarantee of continuing industrial peace. The further danger is that in the face of unpopular policies, the Communist Party will come to believe that the game is no longer worth the candle and pull out of the coalition with the Socialists.

On all three fronts, the warning signals have been growing in recent weeks as it has become clear that the Government has finally taken the bit between its teeth over industrial restructuring.

The accepted wisdom in government circles had increasingly been that neither unions nor their rank and file had the stomach for a fight and that both were increasingly resigned to the hardships of recession. Unions have had problems mobilising their members for a strike.

The recent violence at the Talbot car plant exploded the myth that resignation was universal. It showed how rapidly a brush fire labour dispute could get out of hand, with unions losing control of their troops and engaged in a dangerous rivalry of bidding up their demands.

There are plenty of other flashpoints that could also flare up into violence—in Lorraine, scene of the 1978 steel riots, in the coal belt of the north, at the Massey-Ferguson plant at Lille.

It is nervousness about this unpredictable groundswell that in large part explains M Krasucki's outburst. The message from the CGT militants is that they dislike M Mitterrand's conversion to more market-orientated economics and are not ready to lose their jobs because of it. In sounding the alarm on Sunday, M Krasucki's intention was substantially to modify the decisions to be taken in the coming weeks over steel, coal and the automobile industry, as well as over the proposed

Symptom of the changing times: striking workers at the Talbot car plant near Paris

"reconversion" zones for declining sectors that were discussed by Ministers on Monday.

M Krasucki's warning followed a tough broadside against the Government a fortnight ago from M Edmond Maire, the leader of the CFDT, for failing to consult with the unions over restructuring and its social consequences. M Maire was also irked that the Government appeared to ignore the proposals of his pro-Socialist union and lean heavily instead on the better-disciplined CGT on which it can exert pressure through its four Communist Ministers.

But behind this rivalry, both left-wing unions share common reasons for wanting now to mark their distance from the Government. They have both seen their influence eroded by being too closely identified with the parties in power.

In the last nationwide union ballot, in the autumn, both the CGT and the CFDT lost ground to the centrist Force Ouvrière which has gained credibility from being independent of the Government and more critical of it. Both left-wing unions also have their bastions of strength in the traditional heavy industries which are precisely those most hit by restructuring.

As for the danger to the Government of the Communists pulling out of it, the warning signals have been flashing in tune with those from the CGT.

Shortly before M Krasucki spoke on Sunday, M Georges Marchais, the head of the Communist Party also declared that there could be no question of the Communists accepting job losses and redundancies that they had refused when the Right was in power. The calculation behind this frontal assault seems increasingly to be that the Communists believe that the Left will go down to defeat in the legislative elections of 1986 so that they can afford the risks of breaking the link now. At the very least they are preparing an electoral programme in which they can blame the failure of the Left on the Socialists' refusal to adopt their policies.

The Government thus finds itself at a critical moment in implementing its policies and in its relations with the unions. Notwithstanding the rhetoric, the unions see the need for some industrial restructuring. They like to make a distinction between their realism and what they consider the dog-in-the-manger, archaic views of the British unions. But they pitch their demands high in terms of how it should be carried out.

> The two left-wing unions share common reasons for wanting now to mark their distance from the Government

M André Bergeron, the head of Force Ouvrière, says that rationalisation cannot be avoided. But the price tag he puts on this is that those made redundant receive the guarantee of virtually full wages that the steel workers won in 1978.

The CFDT want substantial progress on the reduction of the working week so that the impact of job losses will be shared. The CGT are pressing for large-scale protectionism that would boost French production of steel, coal or ships and hence (at least in the short term) jobs as well.

The impatience of unions and their rank and file with the Government has been exacerbated by the muddle over industrial policy since the Socialists came to power. After the false hopes raised in 1981 of consumer-led economic growth and of a revival of steel and coal output, the Government has dithered over key industrial decisions or wrapped its deliberations in secrecy.

Officials have been warning for months that the shipyards were running out of orders. At Longwy, in Lorraine, steelworkers have long known that the management of Usinor, the state steel group, has been pressing for the closure of the smelting shops, putting at risk 4,000 jobs. At Douai, in the coal fields of the north, union officials say that there has been less negotiation than when the Right was in power.

Now, suddenly, after the long months of delay, all the leaves are dropping at once—in steel, coal, the shipyards, automobiles, chemicals, printing, oil refining and heavy engineering. M Bergeron's complaint is that the Government is moving too fast. A major reason for the speed is that it wants to get the redundancies out of the way this year so that it has a clear run up to the elections in 1986.

The decisions are being accompanied by what seem to the unions to be a hastily put together package of consultations over restructuring and of proposed accompanying social measures. These include retraining schemes, "free zones" to attract new industries and more encouragement to part-time working. But the details are still unclear, it is uncertain who will bear the cost, and the unions are worried that there might be backtracking on existing labour legislation to entice new investment.

They are thus sceptical of the Government's intentions—M Krasucki damned the Prime Minister's retraining plans as the provision of further "parking lots" for the unemployed. The unions have also realised that militancy on a selective basis can be effective. M Krasucki had that in mind in his statement on Sunday.

Communist pressure, for instance, saved 1,000 jobs at the newsprint producer Chapelle d'Arblay at a massive cost in public funds of FFr 3.2bn. The unions also saved 1,000 jobs of the 2,900 originally planned to go at Talbot.

Before last week's decision on fresh subsidies for the shipyards, union leaders at Dunkerque were aware that concessions were to be had if they made enough fuss. When the announcement was made the Communist daily L'Humanite proclaimed in victory headlines the Government's about-turn.

The Government's strong card has been that the unions have no wish to see President Mitterrand replaced by a government of the Right, although they have never had the same influence on France's Socialist coalition as the British trade union movement has had on Labour governments in Britain in the 1960s and 1970s.

In part that is because French unions are weaker than those in Britain. The largest union, the CGT, has only an estimated 1.5m members. They are divided amongst themselves with no comparable umbrella organisation to the TUC.

A revealing indication of their weakness is that before the new labour laws brought in by the Socialists—the so called "Lois Auroux"—only 15 per cent of companies in France accepted to negotiate with trades unions. Collective bargaining has not much of a tradition.

But a further major reason why the unions' influence on government is more limited in France and Italy than it is in Britain and Germany is ideological. The CGT is Communist-led and its goals—officially at least—are still "revolutionary." No French government could afford to be subservient to it.

There has thus never been the "social contract" between the French Socialist administration and the unions that existed between Labour governments and the TUC in Britain. None the less, on coming to power the Socialists sought to "reward" the major Left-wing unions—the CGT by raising minimum wages and the CFDT by reducing the length of the working week. The unions have in turn helped maintain industrial peace. The number of days lost in strikes has substantially fallen since the Socialists took office.

When the Government's economic plans turned sour in 1982, the unions reluctantly accepted a wage freeze and then a clampdown on pay increases that they would have found intolerable from the Right. But the clampdown has put into limbo newly won gains over collective bargaining.

On the other side of the coin, the unions have won from the Socialists changes in labour relations of which they are only beginning to reap the benefits. In part this is simply that the unions — like the Communist and Socialist parties—are more accepted by employees now and less seen as the revolutionary movements that they appeared while the Left was in opposition.

At the same time more employers are accepting that workers and unions be associated in decisions over how factories are run. The major advance they have gained under the Lois Auroux is the right to question management and to be kept informed on a company's affairs.

The Left's coming to power has not, however, arrested the continuing decline in union membership. The CGT has seen its membership fall from an estimated 2.3m two years ago to the 1.5m of last year.

Behind this decline lie many of the reasons familiar in Europe generally for unions' ebbing strength — failure to defend jobs and living standards in a recession, the collapse of traditional industrial sectors and the failure of the unions to come to terms with technological and social changes.

The unions know that if the Right were to regain power, it would give firms a freer hand over redundancies and curb the unions' current powers to represent the workforce on the shop-floor. The prospect is a sobering one as the movement reflects on how close to push President Mitterrand to the brink.

# Men & Matters

## Sweet seat

"I thought at first they must have got the wrong Laing," laughed Sir Hector of that ilk. But no, it is the chairman of United Biscuits that Exxon, the world's largest company, wants on its board.

Laing will take his seat in the oil group's New York boardroom in May, succeeding Sir Richard Dobson, president of BAT Industries, who retires after nine years at Exxon. "It is a great privilege," Laing said.

Exxon's directors have included one from Britain and one from West Germany for some time—but Laing is still slightly bemused, if excited, about his nomination. He has no idea how, as chairman of a company ranked 133rd in Europe. Exxon's lofty eye alighted on him.

Though Laing, of course, has made his mark in British industry. Businessman of the year in 1979, a member of the Bank of England's court of directors and latterly leading moves to increase industry's community involvement.

He has yet to meet Exxon's men—but the difference in size of the two companies does not daunt him. "As someone said, it's just a question of noughts," he smiled. (Exxon's $97bn sales compare with UB's $1.8bn.) "It will be completely new territory, but every successful company has a distinct philosophy. And for a non-executive director, that is what is important."

His new job will, at least, slot comfortably into his UB timetable. United Biscuits' American operations have become an increasingly important contributor to its profits and Laing flies to the U.S. for regular monthly visits.

"I was going to back number five but I hear the jockey's carrying an extra thousand pounds"

## Baker's station

Rumours that the CEGB is backing away from its Sizewell Be project, to build a U.S.-type nuclear reactor in Suffolk, seem to be premature — perhaps floated by frustrated opponents who have been fighting it for a year at the public inquiry.

The Central Electricity Generating Board has just persuaded the government to abandon ideas that the National Nuclear Corporation should have charge of the project. The state CEGB will take over instead.

John Baker, aged 47, the CEGB's director for commercial affairs, is to head a new agency which for all practical purposes will act like a subsidiary company to manage the project.

The new management board will hold its first meeting on Friday and, thereafter, monthly until the power station is early 1990s if all goes according to the new plan.

Had opponents dented the CEGB case during the public inquiry I asked Baker. He thought it had survived "an extremely rigorous economic analysis" mounted by its opponents in spite of protestations that they packed funds. "The objectors did an excellent job of putting us on the rack and I don't think we were stretched by more than half-an-inch," he said.

Baker reckons he spends only about one-fifth of his time on Sizewell so it is not a question of committing the next 10 years of his career to a single, risky venture.

"The new job is "mound to add a bit more," he says. He thinks it might mean he must spend Sunday afternoons as well as Sunday mornings answering telephone questions on Sizewell in future.

## Cook's stew

Robin Cook, Neil Kinnock's approximation to an EEC Exocet, dropped into Brussels yesterday full of the latest hot gossip from Whitehall.

According to the Livingston MP, Lord Rayner — the Marks and Spencer mandarin and Mrs Thatcher's former adviser on public sector economies — is top of the list to succeed Christopher Tugendhat when he retires as the EEC Budget commissioner in December.

Qualifying the story before a sceptical British Press Cook added that Labour sources had heard there was another candidate for the job. Teasingly he refused to name names.

Cook's reticence helped the guessing game along. After all, Cecil Parkinson—who is widely held to be Thatcher's alternative candidate — would be a gift of a story on a slow news-night.

But perhaps yesterday's most titillating evasion was Cook's refusal to confirm that Ivor Richard, the portly Social Affairs commissioner, would be reconfirmed by the Labour party for another four-year stint. "That would be a matter for the party leader," was functionary Cook's comment.

## East wind

Just here and there — where there is a bit of hard currency to spare—the Iron Curtain is being lifted on the pastimes of the West's consumer society.

Hungarians this week became the first East Europeans allowed to book holidays in places like Majorca and the Canary Isles through a West European travel agent.

Budapest Tourist, a Hungarian travel company, signed an agreement with Neckermann Reisen of West Germany, under which Hungarians may choose their holidays from the catalogue of Neckermann's Austrian subsidiary.

Hungarian tourists will be flown free of charge from Bundapest to Vienna to join tour parties, and will pay for their holidays partly in forints, and partly from a $350 Western travel allowance to which they are entitled every three years.

Well over 500,000 Hungarians travelled to the West last year, making them the envy of other East Europeans.

Meantime, Bulgaria has suddenly opened its doors for the first time to the import of expensive hi-fi systems from Britain.

After several years of effort, the Huntingdon-based company, Quad, was given an order for 100 hi-fi systems. Marketing director Ross Walker says: "We have sold a few systems to professional musicians in East Europe. But this order came out of the blue—from a chain of shops."

Another order is now in the offing. And Quad has been invited to take part next month in a Sofia Hi-Fi Show.

## Incredible

A Surrey school secretary tells me she sees some imaginative explanations for the absence of children from school. One of the latest she received blamed "a sceptic throat."

**Observer**

BRITAIN'S NUCLEAR INDUSTRY

# The squabbles behind the shake-up

By David Fishlock, Science Editor

FOUR YEARS of bitter squabbling within a divided and unhappy nuclear industry lie behind the new scheme for managing the Sizewell B project, put to the public inquiry by the Central Electricity Generating Board yesterday.

The new proposals assign the CEGB overall responsibility for project management. Mr Peter Walker, Energy Secretary, has tacitly accepted that the Government's earlier hopes of giving total project management of the Sizewell project to the National Nuclear Corporation were unrealistic and doomed to fail.

This is because the CEGB, not the NNC, carries responsibility in law for the safety of its reactors and must also shoulder final financial responsibility for the project. In both cases the burden grew considerably in the 1970s.

Ironically, it was Mr Walker who, as Secretary for Industry in 1974, forged the union of nuclear design and construction companies into what he envisaged as a "single, strong company." The NNC's shareholders included GEC, Babcock, NEI, Taylor Woodrow, McAlpine and the UK Atomic Energy Authority. It was to manage a substantial new British nuclear construction programme, then being confidently predicted for the late 1970s.

In 1979 the new Conservative government attempted to resuscitate the idea. Mr David Howell, then Energy Secretary, called for the NNC to be given "total project management" for Sizewell B, to be Britain's first nuclear station of pressurised water reactor (PWR) design. He even objected to the idea that the CEGB should have its own PWR director to oversee its interests.

His decision precipitated the four years of problems. Several senior executives have retired early as a direct result of the dissent. They include Mr Dennis Rooney, as chairman of NNC, in 1981, Mr Dennis Lomer, as board member responsible for construction at the CEGB, last summer, and Dr Ned Franklin, chief executive of NNC, last month.

Mr Walker has now been persuaded to demote NNC to the role of junior partner in the Sizewell B project.

The scale of the problem was vividly illuminated in the summer of 1981 when the NNC revealed its first scheme for a "British PWR." The plans were imaginative in their proposals of how to adapt the U.S. reactor to British traditions of nuclear safety. But the CEGB was horrified both at the cost and the distance the NNC had moved from the Westinghouse-designed PWR it wanted.

At the heart of the problem was a schism within the NNC. The "single, strong company" Mr Walker envisaged never materialised. The main reasons were lack of new orders and a sharp difference in management style between two parts of the company, the Cheshire-based group derived from the former Nuclear Power Company and the Whetstone, Leicestershire-based group.

As the CEGB saw it, when problems arose—as they frequently do in executing such complex projects as nuclear reactors—the tradition of the Cheshire-based part of NNC was to give priority to solving the problem and sort out who pays afterwards. The Whetstone part of NNC had a different tradition, which required that financial responsibility must be sorted out first.

Dr Franklin, invited by the Government in 1975 to become chief executive of NNC on the advice of its biggest private shareholder, GEC, failed to unify the two traditions. Mr Rooney, recruited by the Government in 1980 as NNC's first independent chairman, left a year later. One of the reasons was dissent over a new style of contract he negotiated with the CEGB over Heysham 2, and his determination to forge a "single, strong company"—in Cheshire, based on the Cheshire traditions.

With Mr Rooney's departure in mid-summer 1981 the CEGB asked the Government to approve the idea of a task force headed by Sir Walter Marshall, then chairman of the UK Atomic Energy Authority. This was to mount a crash programme to redesign the Sizewell PWR, then seen as the lead project for a series of perhaps six new UK nuclear stations.

In 1982, with the Sizewell public inquiry looming, the Government appointed Sir Walter Marshall as chairman of the CEGB with a specific brief to make a success of Sizewell B and subsequent PWRs.

His experience with the task force had taught him that something was seriously amiss with the project management for Sizewell B.

He first attempted to resolve this via a joint project team which was set up in the autumn of 1981. Its hopes rested on strengthening the Whetstone end of NNC by transferring expertise to it, mainly from the CEGB. Mr Ted Pugh, a senior construction chief with wide project management experience, left the CEGB to become NNC director in charge of PWRs in January 1982.

Roger Taylor

Sir Walter Marshall, CEGB chairman (left) and Mr John Baker, chairman of the new project management board.

Sir Walter came sharply into conflict with Dennis Lomer, his board member for design and construction. Mr Lomer had never believed that NNC could be given total management responsibility, if only because it was incapable of shouldering a significant part of the financial responsibility for the project.

Mr Lomer had already alerted his board and the Government to the implications of having a series of stations under construction but delayed by industrial action, as the Isle of Grain units were delayed by laggers. He warned that if this coincided with high inflation and high interest rates, the CEGB could find itself with as much as £18-22bn tied up—and no control of the situation. But he lost the argument with Sir Walter and left the CEGB last year.

The first public hint that the CEGB was still seeking a radical change in project management came from Mr John Baker, CEGB commercial director, when in his opening evidence to the Sizewell inquiry in January 1983 he floated the idea of a "subsidiary company" to manage the project, albeit with NNC still taking the lead.

The scheme disclosed yesterday was put to the Energy Secretary in September; although Sir Walter said yesterday it had been put to his board before the summer election. It places the project under the direct control of the CEGB. A project management board (PMB) has been established which, although not a legal entity, will operate as if it is a subsidiary.

Mr John Baker is chairman of the PMB, with Mr Ron Burbridge, the top CEGB project director, as deputy chairman and chief executive. Mr Brian George of the CEGB is project and technical director. Mr Frank Lewis, recently appointed procurement director of the CEGB, is a part-time commercial director.

The PMB has two more part-time directors: Mr Pugh, who has just replaced Dr Franklin as NNC's chief executive; and Mr Tony Wicks from Whetstone, as finance director. The project team will unite this year in new premises in Cheshire, with the design staff of 200 drawn almost equally from the NNC and the CEGB.

Mr Walker discussed the scheme for a CEGB-dominated project management widely before accepting the logic. He expressed concern about the monopoly implications. But the need for radical change was given urgency by the intervention of Sir Alastair Frame, chief executive of RTZ and a former nuclear project director. He was invited by Sir Frank Layfield, the Sizewell inquiry inspector, to give an independent appraisal of project management arrangements for Sizewell B.

Sir Alastair was highly critical, not least of the rift between Whetstone and the CEGB engineers at Barnwood, 100 miles apart. One of his 11 essential criteria for success in large project management was "integration and welding of high calibre staff into a single team in one location." Sir Alastair said plans were "quite inadequate to carry out this project." There was no way that one could be confident that Sizewell would be finished on time and within budget.

This fierce critique may have been the catalyst which obliged the Government to hand control back to the CEGB. But underpinning the logic for the PMB are three CEGB arguments which proved persuasive. As Mr Baker says: "We can't contract out of these responsibilities."

One is the central role of safety in design of a nuclear reactor. Safety is integral to the design and construction, not something tacked on after. The CEGB, not the NNC, is accountable in law for the safety of the reactors it operates.

Another is procurement policy. The NNC was keen to keep down costs and risks to itself by buying much of the Sizewell reactor abroad. The CEGB argues that Sizewell, as lead station, must also lead UK manufacturers into PWR technology.

The third argument used to convince Peter Walker is that, as a first-off for Britain, Sizewell B does carry certain risks and those risks have to be carried by the client and not the contractor

U.S. Budget Deficit

# How Europe can help to solve the problem

By Henry Owen

MOST economists agree on the need to reduce the U.S. structural budget deficit, if there is to be a healthy world recovery. And most budgetary analysts agree that this can only be done by a combination of two means: a cut in expenditures and an increase in taxes. The problem is how to get from here to there.

The obstacles to cutting expenditures are well-known. And, as Reginald Dale pointed out recently in the FT, proposing U.S. tax increases is generally believed to be dangerous to the proposer's political health. For a variety of historical and cultural reasons Americans are more resistant to high taxes than voters in any European country except Switzerland. The resistance exists in both political parties and in both the executive and legislative branches of government.

The fact that recovering ground lost in the 1981 tax cuts will be extraordinarily difficult is demonstrated by a recent poll, showing voters opposed to tax increases by a majority of three to one.

Jean Monnet used to say that if a problem seems insoluble, one should widen the context within which it is approached. A U.S. structural deficit that seems unlikely to be soon reduced in the context of American domestic politics, alone, might be overcome if that context were widened to include commitments by other industrial countries as to how they would respond to a tighter U.S. fiscal policy. A U.S. President who had received satisfactory assurances on this point from the leaders of the main European countries and Japan could present his proposals to reduce the U.S. deficit to the Congress and the U.S. public as part of an international programme for world recovery.

The recent OECD six months economic forecast points out that a reduction in the U.S. deficit, and hence in the strength of the dollar, could adversely affect output in Europe. The remedy, as that forecast suggests, will be for the European countries to offset the U.S. fiscal tightening by expansionist measures. This would be feasible in the countries that have brought inflation under control, notably Germany and the UK. Such action would serve their interests—and would give the U.S. some assurance that a tight U.S. fiscal policy would help, not hurt, its interest overseas.

In Japan, too, expansionist measures would protect recovery against the effects of a tighter U.S. fiscal policy. Given the high rate of Japanese savings, such an expansion would be feasible. The prospect of an expanding Japanese domestic economy would be welcome in the U.S.: it would mean more opportunities for American exports to Japan and less presure for Japanese exports to U.S. and other markets.

**The only decisions that get carried out would have happened, any way**

The overall effect of the U.S., European and Japanese measures described above would be consistent with a decline in the dollar's value large enough to reduce the competitive disadvantages now imposed on U.S. firms by the dollar's over-valuation, and yet gradual enough not to spur U.S. inflation greatly or otherwise substantially damage the U.S. economy.

This effect of these measures in enhancing world trade would be compounded if Japan and the European community could, at the same time, agree to the new round of trade negotiations that the Reagan administration is proposing and that it believes would create increased opportunities for U.S. and other exports of goods and services.

Tolstoy implies in *War and Peace* that the only decisions that get carried out are those that correspond to what would have happened if the decisions had never been made. The European and Japanese commitments discussed above correspond, at least in part, to what would probably happen if they were not made. Japan, Germany, and Britain would be reluctant to allow a tighter U.S. fiscal policy to hinder the economic recovery on which their governments' political survival depends. And it may be easier for both Europe and Japan to enter a new round of trade negotiations in an improving economic environment than it has been in recent hard times.

Each of these commitments makes sense economically, and each will be easier to make if corresponding actions are being pledged by other countries. An American President might find it less difficult to ask for not only expenditure cuts but a tax increase if other countries were pledging policy actions to ensure that this would lead to world recovery. Japanese and European officials might more readily justify these actions if they could point to the prospect of the U.S. fiscal measures for which they have been pressing.

The time to seek an understanding about these interrelated actions will be at the London economic summit of the seven main industrial nations in mid-1984. It is uncertain, however, whether a U.S. administration preoccupied with an imminent Presidential election will be able or willing to pledge expenditure cuts and an increase in U.S. taxes at that time. It is at least uncertain whether a Congress facing re-election would be supportive of such a pledge.

Delay would be damaging economically. If it cannot be avoided, early 1985, when the U.S. President has his traditional post-election honeymoon, will be the time to widen the context within which a solution of America's fiscal problem should be sought.

In the meantime Europeans and Japanese concerned with the problem of high U.S. deficits should be thinking about how they could help an American President to overcome political obstacles to a U.S. tax increase. Most foreign (and American) comments about the U.S. budget deficit simply curse the darkness. It is time for our friends abroad, no less than Americans, to think about how to light a candle.

*The author is a principal in The Consultants International Group, Washington and a consultant to Salomon Brothers. From 1977 to 1981 he was ambassador-at-large in charge of U.S. preparations for the annual seven-nation Western economic summits.*

# Letters to the Editor

## Scott Lithgow: a winner for an entrepreneur

*From Mr T. F. Brenchley*

Sir,—In case he may be thought to be *parti pris*, I should like to support what Mr Ross Belch said (Letters, January 26) about Scott Lithgow's record.

When I was Ambassador to Norway from 1968 to 1972, I found that this was one of only two major British shipyards which those knowledgeable men, Norwegian shipowners, regarded as efficient. (There was a third yard at which one owner placed orders, specifying delivery dates nine months ahead of his requirements with heavy penalty payments clauses, but that is another matter.)

I visited Scott Lithgow in 1970, soon after Mr Belch had become managing director there, and was impressed by the spirit of management and workforce, and the co-operation between them in enterprising innovations to build the large vessels then in vogue in two halves to overcome the restrictions imposed by the layout of the site.

Clearly there have been failures more recently, both of management and workforce, to adapt to changing times as rapidly as was required, and these failures have undermined the attempt (meritorious in itself) to seize the opportunities offered by offshore oil requirements.

There can be no justification for the appalling delay on the Britoil contract. But if any experienced shipbuilding entrepreneur is bold enough to take over Scott Lithgow at what would no doubt have to be a knockdown price, at a time when the workforce ought to be ready to make a fresh start in flexible building practices, he (and they) could be on to a winner.

T. F. Brenchley,
*19 Ennismore Gardens, SW7.*

## Completely independent

*From the Director-General, Health and Safety Executive*

Sir, — In his article (January 18) on the safety issues at Sizewell, David Green surprisingly refers to the "semi-independent Nuclear Installations Inspectorate."

The Nuclear Installations Inspectorate is an integral part of the Health and Safety Executive. In any view the executive may take on nuclear or any other branch of industrial safety we are, I assure you, wholly independent of the Central Electricity Generating Board.

J. D. Rimington.
*259, Old Marylebone Road, NW1.*

## Jobs for economists

*From Mr P. Rodgers.*

Sir,—In the past five years the highest number of jobs for economists I can remember seeing advertised in the Financial Times on a Thursday is three.

A few days ago Mrs Thatcher announced our abolition. Was this surreptitious government aid? In Thursday's issue (January 26) there are nine vacancies advertised.

Philip Rodgers.
*7, Short Close, Downham Market, Norfolk.*

## Civil servants in the UK

*From the International Monetary Fund*

Sir,—It has been brought to our attention that some of the figures relating to the UK in our paper on Government Employment and Pay: Some International Comparisons are wrong. In particular, in the functional analysis on which Mr Wilkinson relied, the figure for the UK is 440,000 too high through the inclusion of an incorrect figure for administration. This would not affect the discussion in Mr Wilkinson's first article (UK leads in red tape, says IMF, January 4) but would modify some of the substance of his article on January 13.

One should also note that our measure of central government employment includes not only civil servants but military personnel and, of course, in the UK, the large number of employees in the National Health Service.

Also, these employment numbers related to the period 1980, and thus would not reflect the public sector employment policies of the present Government.

Peter S. Heller
Alan A. Tait
*IMF, Washington, DC.*

## Flaws in World Bank analysis of Nigerian agriculture

*From the Institute of Agricultural Economics, University of Oxford.*

Sir, — Michael Holman's analysis of Nigerian agriculture (January 23) appears to accept in many respects the World Bank's diagnosis of and prescriptions for the agricultural problems of sub-Saharan Africa. Yet the analysis is seriously flawed.

The analysis leads directly to a prescription for the Agricultural Development Projects (ADPs) sponsored and financed by the World Bank.

The success of the pilot schemes in increasing production is asserted—as in your report, and in the IRBD's publication Accelerated Development in Sub-Saharan Africa, IRBD. 1981, p.53 — and the recent poor performance of Nigerian agriculture is attributed to the inadequate funding of the successor projects, and bad weather.

In reality, while the data base is extremely shaky—yield and output estimates being revised several times — the pilot ADPs at Funtua, Gusau and Gombe cannot be shown to have performed as claimed. The Bank's own Project Completion Reports (APMEPU, May 1982) found that only maize production, from a very low base, increased above the 5.8 per cent p.a. quoted, and then only on two of the projects, while millet and sorghum—the most important food grains—show declines of 2-3 per cent in three cases and increases of 1-4 per cent in the other three cases. Furthermore in most categories of expenditure the projects did not achieve their targets, and, while remaining more or less within their budgets, unit costs were considerably higher than planned.

It is widely acknowledged that one of the successor projects (Ayangba) was a disaster because this project had nothing to offer anyway; other successor projects have been hampered by States' problems with their portion of budgets. In view of the poor performance of the early projects further commitment of resources would have required acts of faith, or other reasons besides production.

Federal appropriations for agriculture in 1981 and 1982 were also well below levels planned in the 4th Plan (1981-85). This parsimony contrasts with the lavish appropriations for irrigation developments by River Basin Development Authorities (RBDAs) (which also had recourse to contractor finance and foreign borrowing). Federal Water Resources appropriations were three times those for agriculture. The RBDAs however, have performed even worse than the ADPs, and the target for 1985 of 250,000 tons of wheat, the main crop to be grown on irrigation projects, is as much an illusion as past targets for irrigation developments, if only because production on these schemes is so import intensive. Here, too, much blame has been put on cuts due to oil price problems, but in reality the RBDAs and their predecessors, all the way back to the first major government irrigation scheme in 1926, have failed to perform, and have in recent years been notorious for waste, inefficiency, ineffectiveness, and corruption.

It is noteworthy in this connection that the new Minister of Agriculture, Dr Bukar Shaib, was the most senior civil servant responsible for Water Resources since the mid-70s, and was President Shagari's advisor on Water Resources, as well as National Security.

Much of the Bank's optimism relies on the high demand for fertiliser, which has had an average 85 per cent subsidy since 1977 until this year, and the success of maize towards the end of the Gombe and Funtua projects. It remains to be seen whether the rate of growth of maize output will continue with an altered fertiliser/maize price ratio—in 1982-83 N12.75m had to be spent by the Grains Board subsidising purchases of 150,000 tons of maize to help larger scale producers (and the poultry industry).

Nigerian agriculture, and consequently the Nigerian people and State, face far more serious problems than the World Bank's ADPs have yet shown themselves capable of alleviating. While not as bad as irrigation projects, they, too, are vehicles for unproductive foreign borrowing. The interests of the Nigerian people and the international community will be best served by a foreign Press that does not take at face value the assertions of interested institutions, either national or international.

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FINANCIAL TIMES

Wednesday February 1 1984



# Mystery company buys stake in Weeks Petroleum

By David Dodwell in London

AN UNDISCLOSED company, thought to be Australian, yesterday acquired a 25 per cent stake in Weeks Petroleum, the Bermuda-based exploration group. The purchase, worth £75m, values Weeks at £300m ($420m).

Vickers da Costa, the UK stockbroker, said it had bought a total of 15m Weeks shares – which are listed in London as well as Australia – at 500.15p a share.

Vickers would not reveal the buyer, nor from whom the 15m shares had been bought. Mr Woody Knight, managing director of Weeks, was contacted at the company's headquarters in Connecticut yesterday, but also refused to comment.

Until yesterday it is understood that about 30 per cent of Weeks's shares were held by the Weeks family. A further 30 per cent were held by Australian institutions.

Oil analysts in London suggested that the purchase had almost certainly been made by an Australian company. Among the companies most widely mooted were Mr Robert Holmes a Court's Bell group, the Bond Corporation, owned by Mr Alan Bond, and Western Mining.

Through its 51 per cent controlled subsidiary, Weeks Australia, Weeks received a fillip late last year after an oil find at Jabiru off the north coast of Australia where the group has a stake.

The boost came after a merger between Weeks Australia and Alliance Oil Development was abandoned "because it would not be in the best interests of shareholders." Then, the group wrote off its 24 per cent interest in Ogle Resources, a California-based exploration group, at a cost of $27.7m.

Just over a year ago, Weeks's market capitalisation was little more than $125m. The high value attributed to the company by yesterday's purchase is in part due to high hopes about the group's explorations in California. Weeks also bought Energy Minerals, the Denver-based oil and gas group, in June last year for $40m.

Weeks Petroleum shares jumped by 55p on the London stock exchange on news of the purchase. They closed at 450p. Shares in Weeks Bermuda, also quoted in London, ended 75p stronger at 470p.

# Mitterrand to raise key EEC issues in Bonn

BY DAVID HOUSEGO IN PARIS

PRESIDENT François Mitterrand of France flies to West Germany tomorrow for talks with Chancellor Helmut Kohl that are part of the series of meetings he has planned with European heads of government in an attempt to break the deadlock over EEC budgetary and agricultural reform.

The French aim is to use the meetings to make progress on some seven key issues, which, they believe, prevented a compromise at the Athens summit in December. The French believe that other, less important matters could be taken up later.

The meetings at heads-of-government level will be supplemented by the talks M Claude Cheysson, the Foreign Minister, and M Roland Dumas, the Minister for European Affairs, will hold in European capitals.

French officials identify the problems on which France, while holding the presidency of the EEC, would like to concentrate on as being:

● Establishing the procedures and a timetable for the elimination of monetary compensation amounts (MCAs). That is a problem involving border subsidies and levies that the French will be taking up with the Germans tomorrow.

● Controlling Community budget expenditure along the lines proposed by M Jacques Delors, the French Finance Minister, in Brussels last December.

● Establishing a mechanism to correct budget imbalances. The French readiness to consider a solution to the British budget problem spread over several years will depend, French officials say, on the shape of an overall EEC package of reform.

● The level of EEC milk production over the next three or four years.

● The system for limiting milk output.

● Adopting a negotiating position with the U.S. over cereal substitutes.

● Taxes on fats.

Some French officials now share the doubts of other European governments as to whether sufficient progress can be made on such highly technical subjects before the March summit in Brussels without more staff work between administrations. But the official French approach remains one of putting the emphasis on political will and bilateral contacts.

President Mitterrand's first meeting was with Mrs Margaret Thatcher, the British Prime Minister, and next week he will be flying to the Netherlands.

# U.S. Steel suffers record loss after shutdowns

By Terry Dodsworth in New York

U.S. STEEL yesterday announced a record $1.2bn loss for 1983 but said it expected a "major turnround" this year.

The figures for the largest U.S. steelmaker reflect the effect of a $1.15bn pre-tax exceptional charge for the shutdown of some of its steel facilities in Chicago and Johnstown, Pennsylvania.

All of that was taken in the fourth quarter.

Only Bethlehem Steel, the second largest U.S. steel group, which declared a $1.5bn deficit in 1982, has been hit by worse losses during the recent recession.

Mr David Roderick, chairman, said yesterday that the company expected that both the group and its three main components, steel, petroleum and chemicals, would be in profit this year as the economy continued to strengthen.

Lines of credit would be reduced by $1bn in the first quarter, he added.

Last year's loss compares with a net deficit of $361m in 1982, when the group took exceptional charges of $153m.

Sales fell from $18.9bn to $17.5bn, although steel shipments rose from 10.3m tons to 11.3m tons.

Fourth-quarter losses amounted to $983m against $363m, on sales of $4.7bn compared with $4.28bn.

On an underlying basis, however, the group figures show an improvement in the financial performance, with steel operating losses in 1983 pared to $634m against $852m in the previous year.

Operating income in the oil and gas divisions slipped, however, from $1.24bn in 1982 to $1.11bn last year, because of lower world prices and reduced margins for refined products.

# Anglo American director quits in wake of personality clashes

BY BERNARD SIMON IN JOHANNESBURG

MR CHRIS GRIFFITH, executive director of South Africa's Anglo American Corporation, has resigned in the wake of personality clashes with other senior executives and huge losses at the group's motor manufacturing subsidiary, Sigma Motor, of which he was chairman. Over the last two years Sigma has had losses totalling some R100m ($78.8m).

A former Rhodes scholar and godson of Mr Harry Oppenheimer, the retired chairman of Anglo American, Mr Griffith has spent his entire working life in the group. One of South Africa's most controversial businessmen, he played a leading role in expanding the group's industrial activities. In the process, he gained a reputation as an aggressive, outspoken and abrasive negotiator.

Mr Griffith's resignation had been expected for some time after his failure to capture the chairman's post in Anglo American Industrial (Amic), the group's manufacturing arm. The appointment of Mr Graham Boustred as chairman of Amic was widely seen as a blow to Mr Griffith.

As well as resigning from his position on the main company board, Mr Griffith is also leaving his position at Sigma and at Mondi Paper, one of the country's largest forest products companies.

Anglo American's involvement with Sigma Motor has not been a happy one. The company, formed in 1976 through the merger of Illings, an Amic subsidiary, with Chrysler's local unit, has failed to live up to its early promise.

Sigma assembles Mazda, Peugeot and Mitsubishi vehicles. Having seen its market share rise from an initial 7 per cent to peak at almost 20 per cent in 1980, the company has recently been obtaining only a 12 per cent share. Faced with that, Chrysler sold its 25 per cent stake in the company to Anglo American in January, 1983. In January 1984, Sigma announced that it was laying off 16 per cent of its workforce.

Losses at Sigma in 1982 totalled R55m, and last year's figures are not thought to have been much better. There has been a high turnover of senior executives at the company but to date no appreciable improvement in performance. It seems quite likely that Mr Griffith has had to shoulder some of the responsibility for the losses at Sigma.

# THE LEX COLUMN

## New body for John Brown

For the second time in under a decade, new management at John Brown has emerged from recession clutching a blueprint for recovery. At least the sun was shining for it yesterday. If the CBI has done its sums right, the management should be receiving some support for its efforts from the economy.

The company has already detected a gentle breeze in some parts of its business. The order intake in the U.S. plastics machinery division is up 20 per cent on a year ago, in dollar terms, while firm orders for the North Sea are being received in Engineering and Construction. Yet, helpful as this is, John Brown long ago gave up hope of trading its way out of trouble.

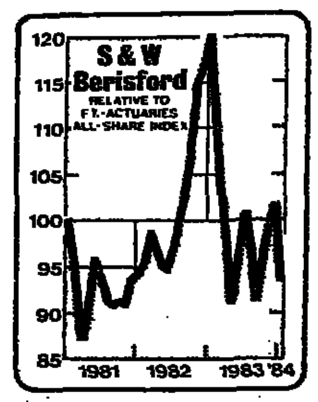
In drawing up a corporate plan, John Brown was faced with the familiar choice of either selling off prime businesses in order to reduce an astronomical level of gearing or trying to get shot of its least promising operations, thereby incurring a dramatic reduction in shareholders' equity. To their credit, the company's bankers have accepted a plan which leans towards the latter course and holds out the possibility at least of a viable long-term future.

Taken together, this year's losses and provisions will roughly halve John Brown's equity base to £40m, against which will be set debt of about £130m. In the two years to March 1986, the company hopes to increase the equity base to perhaps £55m, while the cash proceeds from disposals may bring borrowings down to about £85m.

The group must also reduce the dollar component of its debt, which will contribute heavily to this year's £20m interest bill, and extend the overall maturity structure of its borrowings. If all goes well – and it is a big if – John Brown should be in a position to seek a fresh injection of equity about two years from now. At that point, the beleaguered shareholders may well ask themselves whether the company's extraordinary record and its diminished capital base do not make orderly liquidation a suitable option.

### Weeks Petroleum

Weeks has undergone more character changes in the last few years than the average medium-sized oil company can be expected to put up with. Two years ago it was using its royalty income from the Bass Strait




to invest hell-for-leather in high-risk exploration around the world; then there was a palace revolution in which the major shareholders decided that they would prefer to see some dividends coupled with a more conservative exploration regime. Having been the classic bull-market stock – when oils were the fashion – Weeks's market capitalisation dropped by about 75 per cent.

Enter an unnamed Australian entrepreneur – Mr Holmes à Court or, just possibly, Mr Bond – and Weeks has been catapulted into the centre of speculation once more. It may be that there is a bid at the end of the story – which has already put the share price up 55p to 450p, within shooting distance of asset value. But it is more likely that the purchaser is aiming to detach Weeks's quoted Australian subsidiary – perhaps complemented by some of its wilder exploration acreage – than that the 25 per cent stake purchased yesterday is the platform for a full order.

### S & W Berisford

The market responded to Berisford's figures yesterday with remarkable stoicism. At £55.6m, pre-tax profits for the year to September were almost unchanged, despite first-time full consolidation of British Sugar, and were at least £10m below the most pessimistic forecasts. The share price dipped just 2p, to 198p.

This is partly because Berisford has tired of losing fortunes in U.S. steel tubing, and has pulled out of the market. The resulting loss elimination allows analysts to feel their expectations for the current year are more or less intact. But the figures also reinforced the feeling that the Berisford share price has little to do with expectations anyway, since forecasts almost always turn out wrong.

This in turn reflects a view that despite years of attempting to diversify, Berisford remains in the ranks of the unforecastable commodity traders. Profits from British Sugar may be close to their peak already, before financing costs on the acquisition, last year's contribution of £64.2m was £400,000 down on the year before, and it is not easy to see where real growth is to come from.

The other major diversification, Erlanger, speaks for itself. At least, though, the £23.5m of extraordinary items is a mere book loss, rather than a cash outflow, and in the current year it should be possible to add back not only Erlanger's £21.2m of trading losses, but at least some of its £8m interest charges. That should point to current year pre-tax of about £80m, but nobody in the market is betting on it.

### Reed International

The knowledge that Reed was going to float off the Mirror Group seems to have given extra buoyancy to Reed's already fast improving share price since the demerger was announced last October. At 442p, Reed's shares have come up by a third while the market has been putting on 20 per cent. Yet the third quarter has been a slightly disappointing one, at least in the UK, where operating profits dropped by 5 per cent (year on year).

The make-up of this result suggests that the market's judgment has not been altogether perverse, all the same, since it was the effect on the Mirror of the Stockport Messenger dispute in November and December which held profits back. Adding back losses of about £2m would leave Reed showing an advance in the UK of a little over 7 per cent – in itself less than thrilling in the context of such a rapid demand recovery and with a fair amount of loss elimination flattering the comparison.

Overseas, however, there has been some worthwhile progress, particularly in UK publishing – a lead which will presumably be taken up as the group reshapes ex-Mirror.

# Pretoria to withdraw Angola troops

Continued from Page 1

drawn their insistence on the "linkage" between their own eventual retreat from Namibia and the withdrawal from Africa of the estimated 25,000 Cuban troops in Angola.

The Prime Minister emphasised that it would now be up to the political leaders of Namibia to find a solution – and urgently. He gave priority, he said, to the interests of South Africa over the interests of South West Africa.

Mr Botha revealed that direct and indirect aid to the territory by South Africa amounted to R560m ($439m) in the current financial year on top of R400m to R500m in security costs.

Mr Botha made clear that he was passing the diplomatic ball to the Namibian politicians who make up the so-called Multi-Party Conference, which includes six of the most important political parties, but excludes Swapo.

No reference was made in parliament to the future role of Swapo, but South Africa is believed to entertain the prospect of three-way talks involving the guerrilla movement, the internal parties and the South African Administrator General in Windhoek, Dr Willie van Niekerk.

**Quentin Peel in London adds:** Swapo yesterday expressed considerable scepticism about the terms of Mr Botha's statement, interpreting it as a rejection of direct talks.

# New IBH unit goes into bankruptcy proceedings

BY JOHN DAVIES IN FRANKFURT

HANOMAG, a company in the ill-fated IBH construction equipment group in West Germany, yesterday went into bankruptcy proceedings.

Meanwhile, Zettelmeyer, another company in the IBH group, has been taken over by Herr Ulrich Harms, a Hamburg businessman.

Hanomag's move follows more than two months of intensive but so far fruitless discussions with prospective buyers.

Most hopes have been pinned lately on Orenstein and Koppel, the engineering and construction equipment company that is part of the Hoesch steel concern.

However, Herr Hartwig Piepenbrock, a West Germany businessman, and Dresser, the U.S. construction equipment group, have shown interest in Hanomag.

About 2,000 Hanomag employees were recently given notice of dismissal, but 500 others have been continuing to work.

Hanomag's decline has been a severe blow to the city of Hanover, where the company had its origins nearly 150 years ago.

The IBH group, headed by Herr Horst-Dieter Esch, acquired Hanomag in 1980 from Massey-Ferguson of Canada. City authorities and the government of Lower Saxony helped Herr Esch to try to get Hanomag on to its feet.

After the collapse of the IBH parent concern, Hanomag applied for a court settlement with creditors, but prospects have appeared dim for some time. Zettelmeyer, which had already gone into bankruptcy proceedings, has been employing about 800 workers at its plant at Konz, near the Luxembourg border.

Zettelmeyer was one of the first companies acquired by Herr Esch in 1975

# British citizens abroad 'should be given vote'

BY MARGARET VAN HATTEM IN LONDON

BRITISH citizens resident abroad should be allowed to vote in general elections for up to seven years after they leave the UK, a government White Paper (policy document) published yesterday proposes.

It is one of several proposals for electoral reform in the White Paper, the provisions of which are due to be introduced in legislation in the next session of Parliament.

Last night members of the smaller parties at Westminster reacted angrily to another proposal which would raise the deposit paid by parliamentary candidates from £150 to £1,000 ($210 to $1,400).

The move is designed to prevent what the Conservative Government calls "frivolous and disruptive candidates" from standing in elections and getting £8,000 worth of free postage at the taxpayers' expense.

The White Paper also proposes:

● Allowing holidaymakers and businessmen abroad on polling day to vote by post.

● Reducing the threshold below which deposits are forfeited from 12½ per cent to 5 per cent of the votes cast.

The planned increase in the deposit would virtually eliminate independent candidates from elections

At the same time, though the reduction in the threshold for forfeiture might benefit the larger parties, the Government concedes that it would affect fringe parties like the Ecology Party or National Front which consistently lose their deposits.

Mr Gordon Wilson, chairman of the Scottish Nationalist Party, said the Government was making democracy dependent on the ability to pay.

Editorial comment, Page 12

# Report urges U.S. aid for manufacturers

Continued from Page 1

dustrial investment and argues that "seven times in the last three decades damaging credit restraints have disputed the process of capital formation."

The report, reflecting the importance of international trade to some of its sponsors, places considerable emphasis on the damage being done to U.S. industry by the strong dollar. It suggests that if the dollar's trade-weighted value had not risen sharply since 1980, but remained unchanged, "we would have had more than 1m additional people employed and our trade deficit would be $25bn lower."

As with many studies of U.S. industrial performance, Data Resources contrasts the alleged success of Japanese industry and the deterioration in U.S. performance.

It stresses the need for "stronger trade policies ... to open up world markets to U.S. goods, particularly in Japan and in newly industrialised countries."

It continues: "If we follow the path of the last two decades with an exchange rate that makes our goods non-competitive, an economy that disrupts industrial capital formation every few years, a cost of industrial capital that is far higher than Japan's and industrial trade policies that sacrifice our industries for the benefit of industries of our allies, the outlook for all U.S. industries is clouded and particularly grim for older industries."

As the evidence has mounted that the Administration will not seriously begin to try to tackle the budget deficit until after the election, on the assumption that President Ronald Reagan will be in a stronger position to push for spending cuts then, there have been signs of growing unease in business circles about the direction of economic policy.

The Business Roundtable, for example, has made clear that it sees high deficits as a factor contributing to high interest rates and the strength of the dollar. It fears that, particularly in third markets, U.S. companies are losing because of the unfavourable dollar/yen exchange rate.

The Data Resources study takes a longer-term perspective and one that seems certain to be challenged. Many academic economists have challenged the thesis that U.S. manufacturing industry is in long-term decline and some have maintained that in fact the U.S. economy is adjusting more rapidly in shifting workers into high-technology sectors than most of its competitors.

Data Resources, however, maintains that "the danger lies in too slow an adjustment process," adding that "if the present macro-economic situation is allowed to continue, more markets will be lost." The damage to the U.S. trade position would become irretrievable.

"The present problems," it says, "will not keep: in the absence of improvement in the current decade they will become insoluble in the next one."

# World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | R | 9 | 48 | Dubrovnik | C | 10 | 50 | Malaga | F | 17 | 63 | Salzburg | C | 4 | 39 |
| Akrotiri | S | 17 | 63 | Faro | – | – | – | Malta | F | 16 | 61 | Seoul | S | 4 | 39 |
| Algiers | C | 15 | 59 | Florence | C | 10 | 50 | Manila | S | 32 | 90 | Singapore | C | 31 | 88 |
| Amsterdam | S | 6 | 43 | Frankfurt | C | 4 | 39 | Miami | S | 26 | 79 | Stockholm | Sn | 0 | 32 |
| Athens | C | 13 | 55 | Funchal | – | – | – | Milan | R | 2 | 36 | Strasbourg | C | 8 | 46 |
| Bahrain | S | 17 | 63 | Geneva | C | 5 | 41 | Moscow | S | -9 | 16 | Sydney | S | 24 | 75 |
| Bangkok | S | 34 | 93 | Gibraltar | C | 12 | 54 | Munich | C | 2 | 36 | Taipei | C | 19 | 66 |
| Barcelona | F | 12 | 54 | Guernsey | F | 7 | 45 | Nairobi | F | 26 | 79 | Tangier | C | 12 | 54 |
| Beirut | F | 16 | 61 | Helsinki | Sn | -6 | 21 | Naples | C | 10 | 50 | Tehran | – | – | – |
| Belgrade | S | 6 | 43 | H Kong | C | 13 | 55 | New Delhi | S | 22 | 72 | Tel Aviv | F | 17 | 63 |
| Berlin | F | 3 | 37 | Innsbruck | C | 1 | 34 | New York | C | 5 | 41 | Tenerife | D | 16 | 61 |
| Biarritz | C | 11 | 52 | Inverness | S | 3 | 37 | Nice | C | 8 | 46 | Tokyo | Sn | 4 | 39 |
| Blackpool | C | 5 | 41 | Istanbul | F | 7 | 45 | Oporto | – | – | – | Toronto | Sn | 0 | 32 |
| Bordeaux | C | 11 | 52 | Jersey | F | 8 | 46 | Oslo | Sn | 1 | 34 | Tunis | C | 15 | 59 |
| Brussels | F | 7 | 45 | Jo'burg | C | 23 | 73 | Paris | C | 7 | 45 | Valencia | F | 15 | 59 |
| Budapest | – | – | – | Las Palmas | C | 18 | 64 | Prague | – | – | – | Venice | C | 4 | 39 |
| B. Aires | R | 25 | 77 | Lima | S | 26 | 79 | Reykjavik | S | -3 | 27 | Vienna | C | -1 | 30 |
| Cairo | S | 20 | 68 | Lisbon | S | 16 | 61 | Rio de J'o | S | 40 | 104 | Warsaw | S | 0 | 32 |
| Cape Town | S | 22 | 72 | Locarno | F | 2 | 36 | Rome | C | 14 | 57 | Zurich | R | 4 | 39 |
| Caracas | S | 27 | 81 | London | S | 7 | 45 | | | | | | | | |
| Casablanca | C | 15 | 59 | Los Angeles | C | 29 | 84 | | | | | | | | |
| Copenhagen | Fg | 1 | 34 | Luxembourg | C | 3 | 37 | | | | | | | | |
| Corfu | R | 12 | 54 | Madrid | F | 10 | 50 | | | | | | | | |
| Dublin | R | 5 | 41 | Majorca | F | 13 | 55 | | | | | | | | |

*Readings at mid-day yesterday.*

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

# Japan's current account surplus

Continued from Page 1

car parts, up 33.5 per cent, and of course, video cassette recorders, up 22.3 per cent in value but 43.1 per cent in volume (and that in spite of the export restraint in effect on shipments to the European Community).

Japan's trade surplus with the U.S., on a customs clearance basis, amounted to $18.13bn, with exports rising 17.9 per cent to $42.82bn and imports 2.1 per cent to $24.69bn; with the EEC the surplus grew to $10.4bn, with exports up 8.6 per cent to $18.53bn and imports up 6.4 per cent to $8.12bn.

Of individual EEC countries, only Italy continued to enjoy a slight trade surplus with Japan. The West German and British deficits, $3.47bn and $3.05bn respectively, were the largest. France managed to reduce its purchases from Japan by 13.3 per cent while increasing its exports by 7.2 per cent, but was still left with a $707m shortfall.

**Reuter adds from Tokyo:** Japan's unemployment rate rose from 2.4 per cent in 1982 to 2.6 per cent last year, the highest level since the Government began compiling such statistics in 1953.

Officials in the Prime Minister's office said the prime cause of the high level of unemployment, which averaged 1.56m last year, was the long recession, despite a pick-up in the economy in the second half of the year.

The inability of older job-seekers to cope with advanced office automation equipment and the increasing number of housewives seeking jobs also helped to push up the figure, they said.

Japan's unemployment is still low compared with that in other advanced industrial nations. The jobless rate last year averaged 12.4 per cent in Britain, 11 per cent in Canada and 9.6 per cent in the U.S., the officials said.



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SECTION II – INTERNATIONAL COMPANIES
# FINANCIAL TIMES
Wednesday February 1 1984



## Xerox results stagnant in year

By Paul Taylor in New York

XEROX, the U.S. copier, duplicator and office equipment manufacturer, yesterday reported sharply higher fourth-quarter and full-year net earnings but said that its flat per-share earnings figures for both periods were "more meaningful" in reflecting the company's results.

The company said its fourth-quarter net earnings increased by 36 per cent to $73m from $54m, and full-year net earnings, before the effects of divested businesses, totalled $459m, compared with $368m in 1982.

However, the company also reported fourth-quarter earnings per share of 64 cents compared to 63 cents in the 1982 final quarter and full-year earnings per share before the effects of sold businesses of $4.35 a share compared to $4.34 a share in 1982.

Mr David Kearns, president and chief executive, and Mr Peter McColough, chairman, said the per-share figures were more meaningful because the 1983 figures were affected by preferred dividends and the issuance of 10.1m additional common shares in the acquisition last January of Crum and Forster, one of the top 20 U.S. property casualty insurance groups.

Xerox said revenues from the company's reprographics and information system business during the final quarter totalled $2.26bn, a marginal 2 per cent increase over the $2.21bn recorded a year earlier. For the full year, the company reported revenues from these businesses of $8.464bn compared with $8.456bn in 1982.

The company said net additions to the leased and sold number of Xerox equipment increased by 10 per cent in the quarter and 7 per cent during the year.

However, the Xerox executives added: "The nominal revenue growth in the quarter and the year reflects the adverse impact on European revenues from the stronger U.S. dollar, the impact of currency devaluations in Latin America and lower worldwide price levels."

In the fourth quarter, the company said, profits were depressed by the devaluation of the Mexican peso and by the costs of a worldwide programme to reduce employment.

Xerox added that net income growth in the fourth quarter was less than pre-tax income growth of 41 per cent because the company had a more normal tax rate compared with a net tax benefit of $5m a year earlier associated with its international operations.

## Amdahl growth eases at year-end

By Our New York Staff

AMDAHL, one of the most aggressive U.S. manufacturers of IBM-compatible mainframe computers, yesterday reported a further sharp improvement in year-on-year quarterly earnings – although the latest results represent a slight slowing in the strong earnings growth seen in the previous three quarters.

The California-based company reported fourth-quarter earnings of $15.7m or 34 cents a share, compared with $774,000 or 2 cents in the fourth quarter of 1982. Revenues increased by 55 per cent to $225.1m from $145.5m.

Following a sharp setback in 1982, Amdahl has reported continuing higher quarterly earnings throughout 1983. The fourth-quarter results, which compare with earnings per share of 11 cents, 20 cents and 30 cents in the first quarters, brought full-year operating net earnings to $43.28m.

Mr John Lewis, Amdahl's president, said "Comparisons to the year-ago quarter were very favourable despite the impact of foreign currency exchange rates and the effect of the processor price reductions implemented at the end of the third quarter of 1983."

## More lay-offs at Mattel

By Our Financial Staff

MATTEL, the U.S. toys and video games company, whose electronics games subsidiary lost more than $283m last year, has made further lay-offs in the last two weeks, but will not say how many.

Mattel Electronics had almost 2,000 salaried workers last year when the video game market became overcrowded. The unit laid off 680 workers during the summer.

With the most recent lay-offs, Mattel has vacated four of the five buildings in southern California that were once leased for the electronics unit. But the company stressed it was continuing in the electronics business.

SIEMENS INVESTS MORE TO FEND OFF INTERNATIONAL COMPETITORS

## In search of a new dynamism

BY JOHN DAVIES IN MUNICH

SIEMENS, the West German electrical and computer concern, is steadily increasing its investment and research spending as part of a strategy of strengthening its position against international competitors.

Dr Karlheinz Kaske, chief executive, said Siemens aimed to make its research more creative and dynamic and wanted to speed up the transformation of new ideas into products.

Dr Kaske also announced:

● Siemens increased its net profit by 8.7 per cent to DM 802m ($285m) in the year to September 30, on sales revenue down 1.5 per cent to DM 39.5bn. The company plans an unchanged dividend of DM 8 per DM 50 share.

● Net profit in the first quarter of the current financial year was up 22.5 per cent at DM 196m, on revenue 8 per cent ahead at DM 9.7bn.

● Siemens set aside a considerably increased sum of DM 500m from last year's earnings to cover financial risks in countries with payments difficulties, notably in Latin America.

Dr Kaske said that Siemens would spend about DM 30bn on investment and research and development (R&D) in the next five years, compared with DM 28.5bn in the past five years.

Investment this year would rise from the relatively low level of DM 1.7bn in 1983 to more than DM 2bn to cover factory modernisation and manufacture of new products.

R&D, on which nearly 10 per cent of Siemens' 313,000 employees are engaged, would edge up to DM 3.5bn this year.

Dr. Kaske said that Siemens was striving to build up an "appropriate" market share in countries where it was still under-represented, particularly the major electrical markets of the U.S. and Japan.

Siemens had already built up the international share of its sales from 51 per cent in 1977–78 to 56 per cent last year, he said. Including indirect export through supplies to other companies, the foreign share of sales was nearly 60 per cent.

Sales in North America had increased fivefold in this period to DM 3.4bn, their share of total sales rising from 3 per cent to 9 per cent. Sales in Japan rose 31 per cent last year to a still modest DM 334m.

Dr Kaske rejected "sweeping criticism" that Western Europe was being left behind in information technology because of outdated techniques and insular thinking.

Despite some weak spots, he stressed that Europe had gained ground in the race against international competitors in the last few years and had a good chance of winning more ground. "I know of no area where we should feel hopelessly beaten," he said.

Siemens' data systems division made a profit last year after losses in previous years, but the company declined to give details. The electronic components section sharply cut its losses while orders in the first quarter of this financial year were up as much as 40 per cent on a year earlier.

The group is gearing up for series production of its 256k bit chip, while pushing ahead research on the next generation of chips.

Data systems sales spurted ahead 17 per cent last year, while medical engineering also showed double-digit growth, with the U.S. the biggest market.

Siemens expects revenue to increase by about 10 per cent this financial year, although the rise will be largely due to the accounting effects of long-term power station projects.

Siemens said that it had earmarked DM 500m from its results to cover possible write-offs and financial risks emerging in countries with payments difficulties.

SIEMENS: WORLD SALES PATTERN

| | 1982-83 | 1977-78 |
|---|---|---|
| Total sales (DM bn) | 39.5 | 29.0 |
| Revenue sources (%) | | |
| Power engineering, elec. installations | 36 | 32 |
| Power stations* | 11 | 20 |
| Communications, data systems, components | 38 | 34 |
| Medical engineering | 9 | 8 |
| Other (incl. lamps)** | 6 | 6 |

* Kraftwerk Union, the power station builder, is a 100 per cent subsidiary
** Osram, the light bulb maker, is a 100 per cent subsidiary
Source: Siemens

## Dismal year for big German shipbuilder

BY RUPERT CORNWELL IN BONN

HOWALDTSWERKE – Deutsche Werft AG (HDW), West Germany's largest shipyard, capped a dismal year for the industry yesterday by reporting an operating loss of DM 210m ($74.4m) for the financial year to September 30.

After carrying forward part of the deficit, and drawing on reserves, the balance-sheet loss for 1982-83 comes out at DM 82m, exactly double the loss of the year before.

However, Herr Klaus Ahlers, HDW's chairman, said the severe retrenchment pushed through last year, which cost 1,800 jobs in its Kiel and Hamburg yards and provoked a sit-in by employees at the latter, is starting to bear fruit.

The 1983-84 deficit would certainly be much smaller, he said yesterday.

The need to slash capacity to match the tough conditions facing the industry was reflected in a drop in overall business to DM 1.2bn last year from DM 1.4bn in 1982-83. But problems with sub-contractors, which had held up the delivery by HDW of two of the four corvettes ordered by Colombia, also contributed heavily to last year's grim figures, Herr Ahlers said.

## Dutch banks' offer to troubled shipyard

BY WALTER ELLIS IN AMSTERDAM

A GROUP of Dutch banks, led by ABN, is willing to provide Fl 20m ($6.3m) in loans to the failing Rotterdam shipyard, Wilton-Fijenoord. The offer, which has been conveyed to the Ministry of Economic Affairs in The Hague, would depend on a state loan to the yard of some Fl 40m.

Wilton-Fijenoord, which employs some 1,500 workers and is rapidly running out of orders, was last month refused permission by the Dutch cabinet to build two submarines for Taiwan. The order was rejected largely on political grounds and the refusal was accompanied by an undertaking to look into other possible ways of preserving jobs at the threatened yard.

A report into the future of shiprepairing in the Netherlands, published this month, recommended that Wilton-Fijenoord should become the focus of repair activity in the Rotterdam area. It was pointed out that Fl 60m would be needed to restructure the yard.

The Government has not yet given its view on the suggested reorganisation and funding, but it is thought that the plan will be viewed in a sympathetic light.

## Late turnround fails to lift W. R. Grace

BY OUR NEW YORK STAFF

W. R. GRACE, the U.S. chemicals group, achieved a 7 per cent increase in fourth-quarter net earnings but still suffered a 50 per cent decline over the full year. The company said the sharp decline in full year earnings reflected a non-recurring gain in 1982 but was primarily due to the impact of depressed economic conditions on its natural resources and agricultural chemicals businesses.

Fourth-quarter net income was $57.99m or $1.19 a share compared with $54.03m or $1.11 into the comparable period in 1982 on sales which increased to $1.75bn from $1.58bn.

The 11 per cent sales increase reflected a strong quarter for the company's consumer businesses, improving conditions for its mainstay special chemicals business and a "budding recovery" for the agricultural chemicals division.

Net income for the full year totalled $159.7m or $3.28 a share against $319.8m or $6.59 in 1982. The previous figure included a $65.1m gain on the restructuring of Chemed Corporation. Excluding this, net earnings fell by 37 per cent.

Sales for the year remained flat at $6.22m compared with $6.13m.

## Unocal earnings slip 22% for full year

BY OUR NEW YORK STAFF

UNOCAL, the California-based oil company, has reported a 21 per cent drop in its fourth-quarter earnings to $178m. For the full year net income is down 22 per cent to $626m, or $3.60 per share.

Mr Fred Hartley, Unocal's chairman, blamed the fourth-quarter results on "lower domestic natural gas sales, lower earnings from refining and marketing operations and higher dry-hole costs in overseas markets."

Unocal's fourth-quarter revenues fell 2 per cent to $2.7bn and for the full year were marginally lower at $10.7bn.

Looking to the current year, Unocal says the adverse impact of the recession on its business is disappearing. In particular, it believes that natural gas demand and revenues will increase in 1984.

● AMERADA HESS, the New York oil company, increased its net income in the final quarter of 1983 by 31 per cent to $57m. For the full year net income was 22 per cent up at $205.3m, although revenues were only marginally higher at $8.4bn.

Sharply reduced losses on refining and marketing lay behind the group's increased 1983 profit performance. Losses in this part of the business fell from $151.6m to $65.9m in 1983.

## Black & Decker restructuring aids recovery

By Our Financial Staff

BLACK & DECKER Manufacturing, the Maryland-based power tools manufacturer, virtually doubled its first quarter net profits from $14.4m or 34 cents a share to $26.7m, or 56 cents.

Revenues rose from $298.9m to $358.1m. The latest quarter's earnings include foreign exchange losses of $389m, against $327m last time.

The first-quarter result confirms Black & Decker's turnround in profitability following a major restructuring. In the last full year to September 25, net income totalled $44.2m or $1.02 a share against a loss of $76.6m or $1.83.

## Alitalia forecasts unchanged result

BY ALAN FRIEDMAN IN MILAN

ALITALIA, the Italian state airline, recorded a 16 per cent increase in its 1983 turnover, to L2,440bn ($1.4bn) and experienced a small rise in total traffic during the year.

But the airline is expected to announce a tiny net profit later this year which will be about the same level as its 1982 net income of L1.3bn.

The airline said yesterday that total traffic in 1983 was 3 per cent higher than the year before. Its overall load factor – the average proportion of seats filled on flights – was up from 60.4 per cent to 61.7 per cent. Despite the rise of the dollar against the lire last year, the company is expecting to stay in the black with what it calls a "modest profit margin."

During 1983, Alitalia made investments of more than L250bn, against L205bn the year before. Of the 1983 expenditure, some L190bn went into maintaining and expanding the company's fleet.

Alitalia's ratio for net worth against debt improved slightly from its 1982 level of 1:2.9 to a level of 1:2.5 at year-end. This was partly a result of an increase in the airline's share capital, from L210bn to L280bn.

Figures for the Alitalia group, which also includes the domestic airline ATI, showed a 17 per cent rise in turnover last year, to L2,700bn.

## Strong gain logged by Borg-Warner

By Our New York Staff

BORG-WARNER, the U.S. chemicals, transport equipment and protective services group, increased its net earnings last year from $167.4m, or $1.95 a share, in 1982 to $182.6m or $2.03. Sales rose from $3.2bn to $3.5bn.

Fourth quarter net profits rose by 18.4 per cent from $48.3m, or 55 cents a share, to $57.2m, or 63 cents a share, while sales were up from $805m to $956m.

Mr James Bere, chairman, said most of the main operating divisions gave a strong performance during 1983, although the air conditioning activities had been disappointing.

## French banks plan credit card link-up

BY DAVID MARSH IN PARIS

BANKS running France's two rival credit card organisations have agreed to work towards a joint network which could help speed up development of electronic payments systems throughout the country.

The commercial banks linked in the Carte Bleue scheme, and the farmers' co-operative bank, Crédit Agricole, which runs its own Carte Verte system, have agreed in principle to produce a harmonised payment card capable of being used for "cashless shopping," automatic banking and a range of other transactions.

Crédit Agricole runs the Carte Verte along with another co-operative institution, Credit Mutuel, with more than 7m cardholders for both banks, linked to the Eurocard organisation. Carte Bleue, with nearly 3.7m members, which is linked to the international Visa network, has been putting considerable pressure on Crédit Agricole to join the system as part of a plan to establish a Europe-wide network of automatic bank teller machines and cashless shopping terminals.

Last year, Carte Bleue scored a major success by wooing away the Banques Populaires co-operative group from Carte Verte.

More than 220 French banks, including all the country's chief commercial banks as well as the big co-operative institutions, savings networks and the post office, are party to the accord.

Study groups will be set up to examine technical and commercial harmonisation of the cards issued by the two organisations, with a view to establishing a joint card. Each bank will, however, be free to promote its card activities independently.

Crédit Agricole has insisted that it keeps its own identity in the proposed harmonised network. The eventual joint card – which will probably bear a mixture of green and blue motifs – is likely to carry an identifying logo of the issuing bank.

The proposed new structure will have a major impact on the development of France's "smart card" – a plastic card embodying a microprocessor with a built-in memory to identify and store records on banking transactions.

## Diasonics warns of $60m setback

By Louise Kehoe in San Francisco

DIASONICS, the California-based manufacturer of medical imaging equipment, said yesterday that it expected to report a pre-tax loss of $60m – $65m for 1983 and that it would stop manufacturing X-ray digital imaging systems products over the next three years.

Diasonics made an initial public stock offering in February 1983 at a stock price of $22. Within a few weeks the stock had risen to $29.75 but this week it has traded for as little as $6.25.

The company is a market leader in the field of ultrasonic imaging systems and is also developing a nuclear magnetic resonance imaging system which is expected to be approved for sale to hospitals shortly, according to technology stock analyst, Mr Jim McCamant. Diasonics' sales grew from zero in 1978 to $138m in 1982, and investors were also drawn by the names of two of its directors, Mr Arthur Rock, one of the venture backers of Apple Computer, and Mr Robert Noyce, a co-founder of Intel Corporation.

## Schering performance unchanged

By Our New York Staff

SCHERING-Plough, the U.S. pharmaceutical multinational, yesterday reported net income from continuing operations of $178.5m, which was virtually unchanged from the previous year.

The group says that the strong performance of its U.S. pharmaceutical business was offset by the impact of the high dollar exchange rate and a 4 percentage point rise in the company's effective tax rate.

Mr Robert P Luciano, Schering's chief executive, noted that 1983 domestic sales of health pharmaceuticals were up 18 per cent with asthma, allergy, cold, dermatological and eye care products making significant contributions. For the full year pharmaceutical sales rose 5.4 per cent to $996m, and consumer products sales were 3.5 per cent up at $812.5m.

## Diamond sells properties worth $160m

By Our Financial Staff

DIAMOND SHAMROCK, the Dallas-based oil and gas group, is selling off, for $160m cash, producing and non-producing properties which it acquired as part of the purchase of Natomas in August last year.

Diamond has signed an agreement in principle with Apache Corporation, calling for Apache Petroleum, a partnership for which Apache is the general partner, to buy the continental U.S., but not the offshore leases of Natomas North America.

The deal covers interest in more than 1,000 gross producing and 168 net producing wells, with about 800,000 net acres of non-producing leasehold in 17 states.

Diamond reported a $60m loss after a Mukluk write-off.

Apache Petroleum is an oil and gas exploration, development and production partnership formed by Apache in January 1981. It acquired substantial reserves from Dow Chemicals in 1982. In November 1983 it made an issue to raise $200m to purchase producing properties chiefly in Oklahoma Panhandle.

Natomas is a major producer of Indonesian crude oil.

## Record year for Hutton

By Our New York Staff

E. F. HUTTON, the Wall Street securities house, reported record earnings last year of $110.6m, or $4.42 a share as revenue soared from $1.6bn in 1982 to $2.2bn.

The profits increase of 36 per cent from $81.1m, or $3.46 a share in 1982, came despite a slowdown in the fourth-quarter, when earnings fell to $8.5m, or 33 cents a share, against $40.8m, or 1.70 in the previous year's bull market.

Hutton's figures have also been depressed by a $20m special reserve set aside against annuities issued by the financially troubled Baldwin-United group and sold to Hutton clients.

This reserve reduced the group's net earnings by $9m.

## Chris-Craft acquires Warner shares to block Murdoch

BY TERRY DODSWORTH IN NEW YORK

CHRIS-CRAFT, the U.S. broadcasting group, has begun acquiring Warner Communications shares as it activates the plan by the two companies to prevent Mr Rupert Murdoch, the Australian publisher, acquiring control of the troubled entertainments group.

Chris-Craft linked up with Warner early this month in a share swap arrangement aimed at making Warner a much more difficult takeover target.

Under this arrangement, Chris-Craft already has 19 per cent of Warner's voting stock through a mixture of common and preferred shares and has said that it is aiming to increase its stake to 25 per cent. The latest purchases, of 2.06m shares at a cost of $58.6m give the company 21.3 per cent of Warner's voting stock.

The Warner/Chris-Craft link may also create complications for Mr Murdoch under the U.S. regulations on the foreign ownership of broadcasting stations. According to the law, a foreign corporation, or one in which more than 25 per cent of the equity is owned by foreign interests, is not allowed to control a broadcasting station.

Although there may be ways for Mr Murdoch to overcome this obstacle if he decides to buy up to 49 per cent of Warner, as he originally said he might, he is currently trying to prevent the Warner/Chris-Craft link both through action at the Federal Communications Commission and in the courts. Around 8.5 per cent of Warner's common stock is now owned by Mr Murdoch's interests in the U.S.

## Competition eats into Douwe Egberts' margin

BY WALTER ELLIS IN AMSTERDAM

DOUWE Egberts, the Dutch tea and coffee group, saw its net income fall from Fl 60.2m ($18.9m) to Fl 44.5m in the six months to the end of 1983. The company blamed the decline on a continuing price war and increased spending on advertising, and warned that the outcome for the year to July would be below the Fl 105m achieved in 1982-83.

Sales over the six months rose by 16 per cent, to Fl 1.6bn, as a result of higher sales and higher volumes in all products except instant coffee. The share of exports in total sales went up marginally, from 51 per cent to 52 per cent.

Douwe Egberts observes that margins remained under pressure as a consequence of continuing price competition. The company has been fighting hard to hold on to its market share and has been under attack in this quarter from rival groups, notably Van Nelle.

Operating income was Fl 67.4m, compared with Fl 93m a year earlier. Pressure on margins is expected to continue for some time, but it is forecast that cost control measures will gradually balance out the decline.

● Douwe has at the same time announced progress in its efforts to acquire all shares of Intradal, a Dutch toiletries concern. Consolidated Foods Corporation of the U.S., the current majority holder in Douwe Egberts, will reinforce its control of the company, while Intradal, now a wholly owned Consolidated Foods subsidiary, will be transferred to Douwe. Once the deal is completed, Consolidated will hold 40 per cent of Douwe's shares directly, and the remaining 60 per cent will be held by the Douwe Egberts consolidated trust.

## Leasing write-off hits Flying Tigers group

BY OUR NEW YORK STAFF

TIGER International, parent company of the world's largest scheduled cargo airline, has charged off $83.4m on its discontinued leasing operations in the final quarter. This overshadowed a $4.7m profit on its continuing operations and resulted in a fourth-quarter net loss of $78.7m.

Tiger, which had already announced the transfer of the management of its North American railcar leasing and repair business to G. E. Credit Corporation, said it had decided to sell or liquidate all Tiger Leasing's other operations. It has written down all assets to presently realisable values and established reserves for all future losses.

The company says the decision to discontinue the leasing operations will reduce its indebtedness by around $850m. The North American equity write-down totals $39.5m and its fourth quarter losses plus reserves for future losses of other leasing operations total $43.9m.

Flying Tiger Line, the airline, had pre-tax profits of $8.2m in the final quarter, compared with a $15.8m loss. Revenues in the latest quarter were some 26 per cent up at $299.7m. For the full year Flying Tiger made pre-tax losses of $67.5m, down from $72.6m in 1982.

For the full year, Tiger International's net loss rose by nearly two-thirds to $222.8m. Revenues rose 8 per cent to $1.3bn.

Mr Wayne Hoffman, Tiger International's chairman, said the fourth-quarter results of Flying Tiger Line signalled "an important turnround."

# Fine terms on $500m loan for Indonesia

By Chris Sherwell, South East Asia Correspondent

BANKERS ARRANGING a U.S.$500m two-part foreign borrowing for Indonesia say that the proposed terms are "very realistic" and reflect the fact that the Jakarta government is a "confident manager" of its balance of payments position.

The eight-year loan, which Indonesia has been considering for some months, is understood to consist of a U.S.$375m portion at 0.75 percentage points above the London inter-bank offered rate (Libor) and a U.S.$125m portion set at 0.2 percentage points above U.S. prime rate.

It brings the country's total borrowing for the fiscal year to March close to the U.S.$2.5bn limit set by the government, and may well be Indonesia's most important sovereign borrowing of 1984.

In choosing to go to the market now, the government is taking advantage of a turnround in its balance of payments since introducing a tough but successful austerity policy at the beginning of last year.

This policy has involved the reduction of consumer subsidies, a depreciation of the rupiah by more than 30 per cent, and the re-phasing of capital intensive development projects to save foreign exchange. The government has also introduced important credit and tax reforms.

As a result the current account deficit for 1983/84 is projected to be around U.S.$5bn, a big improvement on last year's U.S.$7bn deficit.

Six months ago the government said it foresaw a need to borrow another U.S.$800m before the end of March, and it is clear that the improved external position has given it the chance to strike a good deal with the foreign banks while the iron is hot.

The five lead managers for the U.S.$500m loan are the Hong Kong-based merchant banking arms of Chase Manhattan, Morgan Guaranty, Lloyds Bank International, Bank of Tokyo, and Industrial Bank of Japan. The five hope to enlist the support and participation of 15 to 20 other banks in the loan.

Indonesia's last borrowing was for Y25bn (U.S.$106.6m)-worth of long-term loans from Mitsubishi Bank and Industrial Bank of Japan in November.

# Sony battered in 13½-hour AGM

BY YOKO SHIBATA IN TOKYO

SONY CORPORATION, one of the world's leading electrical goods manufacturers, yesterday experienced one of the most unsettling of events for a major Japanese company—a revolt by its normally docile shareholders.

Hard hit by the recession in the audio industry and by the hammer blows delivered to its video cassette recorder sales by the rise of the rival VHS system, the company had to face a 13½-hour ordeal in front of some 400 shareholders. With both net profits and group sales falling for the first time ever the company had a lot of explaining to do.

In the past shareholders' meetings in Japan have been kept brief and orderly by the presence of the Sokaiya, people with nominal single share holdings who usually support enthusiastically the board's line on every item on the agenda.

Yesterday the Sokaiya deserted the board and aggressive questions from some 20 to 30 shareholders stretched the meeting to cover four breaks for meals and tea and to set a new record for AGMs in Japan. The Sokaiya, it seemed, had switched sides from the company to the hard-pressed wholesalers, whose margins have been hit by lower demand for the Sony's Betamax video system.

Sony group sales in the year to October dropped by 0.3 per cent to Y1,110bn ($4.73bn). Net profits fell sharply, by 35 per cent to Y29.8bn from Y45.8bn a year earlier.

In the past shareholders meetings have lasted only some 10 to 15 minutes, with the Sokaiya chanting "we agree" or "no question" in unison on all the items on the agenda. Following the passing of a new commercial code in October 1982 the role of the Sokaiya has been much circumscribed. Today there are about 900 of these still active—before the code amendments there were some 3,500 of them.

In their forays into corporate meetings the Sokaiya have attained a high level of business acumen in reading accounts, public speaking, and other useful areas. Under the guise of being business consultants, economic researchers, or journalists for business magazines they were able to solicit fees for their expenses in such roles as they took at meetings.

Under the new law they are unable to have any commercial link with companies. Any company giving money to a Sokaiya is liable to a fine up to a maximum of Y300,000 or a six months prison sentence. The result of this, for Soney, has been to push the Sokaiya in the opposite direction—towards asking awkward questions and prolonging meetings.

One of the roots of the Sony problem with the Sokaiya has been the weakening of its position in the VCR market. Sales of its Betamax tapes, recorders, and other equipment have fallen in the fierce competition with the Matsushita-developed VHS system. In the year to October its video sales fell by 3.6 per cent to Y457bn

Although the majority of listed Japanese companies support the ending of the Sokaiya's influence over company meetings, there still exists an underlying fear of their power. As many as 41 per cent of companies surveyed by Daiwa Securities still aimed to make "accommodations" with them and company personnel were keen to observe how competitors handled AGMs after the changes to the commercial code. Tape recordings of meetings, such as that at Isuzu Motors—one of the first after the law changed—were passed around to educate executives

Yesterday Sony was a victim of the tug-of-war with the Sokaiya—the record length of the meeting suggests that war with this group is not yet over.

# Asset sales lift GIC liquidity

BY MARY FRINGS IN BAHRAIN

GULF Investments Company, a Kuwaiti-controlled offshore company registered in Bahrain, has liquidated some of its most valuable long-term assets in what Mr Richard Petterson, the general manager, describes as "dramatic steps to get out from the shadow of the Manakh."

Following the collapse in 1982 of Kuwait's unofficial stock market, the Suq al Manakh, GIC was left holding post-dated cheques with a face value of US$200m, against which it made provisions of $54.6m. Most of its other assets were long-term investments in prime pieces of overseas real estate, and the company faced a serious liquidity problem, although it succeeded in showing a profit of $40m.

This problem has now been alleviated with the sale in the closing weeks of last year of the group's $64m interest in New York's Park Avenue Plaza, and its 50 per cent interest in the $120m Tower 49 development (a 44-storey office block under construction between Fifth and Madison Avenues). The buyer is thought to have been GIC's partner in the two projects, First Boston Corporation.

The sale has also been concluded of a building in Rue Marbeuf, Paris, housing the French export credit insurance agency COFACE. This property was owned through one of the 17 subsidiary companies in the Gulf Investments group. Gulf International Properties, in which GIC has direct and indirect interests totalling 58 per cent.

Mr Petterson said GIC made a substantial gain on the sales, so the future viability of the company no longer depended on the settlement of post-dated cheques.

GIC will show a loss in 1983, but it will not be large in comparison with its net worth, which in 1982 amounted to U.S.$380m. Further provisions in the order of U.S.$50m are expected to bring gross receivables to under U.S.$90m. This is the amount the company can still hope to collect on outstanding post-dated cheques.

In 1984 GIC will be looking to generate cash income, and its investments will be in highly liquid short-term instruments rather than in equity. The company still has part of a 40-storey office development on New York's Fifth Avenue, and five properties in Paris. These include a building on Avenue Montaigne leased to Societe Antenne II, which runs France's second TV station, and another at the junction with Rue Francois Ier leased to Nina Ricci, a leading French fashion and perfume house.

● A HIGH-LEVEL banking delegation from Bangladesh, led by Mr S. A. Kabir, the deputy governor of the country's central bank, will arrive in Bahrain on Saturday for talks with senior officials of the Finance Ministry, the Bahrain Monetary Agency (BMA), and locally-based banks and exchange houses.

Apart from exploring the possibilities of some form of Bangladeshi representation in the banking market, the delegation will discuss with members of the 6,000 to 7,000 strong Bangladeshi community in Bahrain the handling of their home remittances.

Valuable foreign exchange is being lost to the Bank of Bangladesh (the central bank) because of the system of private transfers known as "Hundi", through which expatriates can bypass the official banking channels.

# Sharp rise at Chiyoda Chemical

TOKYO — Chiyoda Chemical Engineering and Construction, the international engineering company, lifted consolidated net earnings by 415.7 per cent to Y34.72bn ($148m) in the year to September from Y6.73bn in 1981-82.

The company, which is involved in many overseas projects, posted profits before tax and extraordinary items of Y67.71bn, up 184.4 per cent on sales 14.6 per cent higher at Y519.9bn against Y453.7bn.

The leap in net earnings was the result of one of Chiyoda's subsidiaries retaining its dividend payments, an official of the company said. For the current year net earnings are forecast to decline.

Many of the company's major projects were completed during its fiscal 1983 and few orders remain for the current year. However, sales and net earnings are expected to be "at levels posted in usual years."

The company forecasts net earnings of Y22bn for 1983-84 and profits before tax and extraordinary items of Y40bn. Sales are projected at Y320bn.

AP-DJ

# Chloride India maintains growth

By P. C. Mahanti in Calcutta

CHLORIDE INDIA, an offshoot of Chloride of the UK, has managed to maintain its trend of earnings growth despite the serious recession in the road transport, tractor, and commercial vehicles sectors.

Sales for the year to August last totalled Rs 699.7m ($75.5m) compared with Rs 673.8m in the previous year. Pre-tax profits rose by 14 per cent to Rs 125.6m and net profits were up 4.6 per cent to Rs 51.2m. Lower tax benefits due to a reduced level of capital spending in the year depressed the result. A dividend of 14 per cent has been declared.

The company attributes the rise in pre-tax income to earnings from expanded production at its Haldia plant, cost cutting, and lower lead prices, which reduced raw material costs at its battery plants.

An application to pursue a technology transfer agreement with Japan for its new battery factory in Uttar Pradesh has been stopped by India's Monopolies and Restrictive Practices Commission. The company has plans to expand into industrial batteries and items with higher value added. Research on low-price solar powered batteries is continuing.

# U.S. QUARTERLY RESULTS

**MAPCO**

| Fourth quarter | 1983 $ | 1982 $ |
|---|---|---|
| Revenue | 546.6m | 540.7m |
| Net profits | 16m | 19.7m |
| Net per share | 0.54 | 0.71 |
| Year | | |
| Revenue | 2.06bn | 1.99bn |
| Op. net profits | 50.5m | 73.8m |
| Op. net per share | 1.73 | 2.67 |

**NL INDUSTRIES**

| Fourth quarter | 1983 $ | 1982 $ |
|---|---|---|
| Revenue | — | — |
| Net profits | 1.5m | 1.7m |
| Net per share | 0.01 | 0.01 |
| Year | | |
| Revenue | 1.39bn | 2.14bn |
| Net profits | †107.4m | 188.8m |
| Net per share | †1.80 | 2.90 |

† Loss

**OLIN**

| Fourth quarter | 1983 $ | 1982 $ |
|---|---|---|
| Revenue | 484.9m | 415.4m |
| Net profits | 12.16m | †3.31m |
| Net per share | 0.51 | †0.14 |
| Year | | |
| Revenue | 1.93bn | 1.82bn |
| Net profits | 71.72m | 53.31m |
| Net per share | 3.01 | 2.26 |

† Loss

**PACCAR**

| Fourth quarter | 1983 $ | 1982 $ |
|---|---|---|
| Revenue | 465.12m | 290.25m |
| Net profits | 20.18m | 10.96m |
| Net per share | 1.11 | 0.61 |
| Year | | |
| Revenue | 1.41bn | 1.23bn |
| Net profits | 40.04m | 37.29m |
| Net per share | 2.21 | 2.06 |

**PPG INDUSTRIES**

| Fourth quarter | 1983 $ | 1982 $ |
|---|---|---|
| Revenue | 963.7m | 821.2m |
| Net profits | 67.9m | 41.6m |
| Net per share | 0.98 | 0.60 |
| Year | | |
| Revenue | 3.7bn | 3.3bn |
| Net profits | 232.5m | 155.1m |
| Net per share | 3.34 | 2.25 |

**REICHHOLD CHEMICALS**

| Fourth quarter | 1983 $ | 1982 $ |
|---|---|---|
| Revenue | 179.3m | 178.3m |
| Net profits | 5.41m | 2.84m |
| Net per share | 0.69 | 0.30 |
| Year | | |
| Revenue | 747.3m | 786.5m |
| Net profits | 21.7m | 4.68m |
| Net per share | 2.74 | 0.25 |

**ST PAUL COMPANIES**

| Fourth quarter | 1983 $ | 1982 $ |
|---|---|---|
| Revenue | 606.7m | 568.3m |
| Net profits | 16.9m | 52.5m |
| Net per share | 0.89 | 2.46 |
| Year | | |
| Revenue | 2.32bn | 2.16bn |
| Net profits | 126.8m | 195.7m |
| Net per share | 6.03 | 9.23 |

**SOUTHWEST AIR**

| Fourth quarter | 1983 $ | 1982 $ |
|---|---|---|
| Revenue | 125.6m | 89.1m |
| Net profits | 11.0m | 9.43m |
| Net per share | 0.37 | 0.34 |
| Year | | |
| Revenue | 448.2m | 331.2m |
| Net profits | 40.87m | 34.0m |
| Net per share | 1.40 | 1.28 |

**SUN BANKS**

| Fourth quarter | 1983 $ | 1982 $ |
|---|---|---|
| Revenue | — | — |
| Net profits | 10.9m | 9.2m |
| Net per share | 0.76 | 0.61 |
| Year | | |
| Revenue | — | — |
| Net profits | 46.3m | 34.2m |
| Net per share | 3.08 | 2.66 |

**TOLEDO EDISON**

| Fourth quarter | 1983 $ | 1982 $ |
|---|---|---|
| Revenue | 117.9m | 118.8m |
| Net profits | 30.9m | 23.7m |
| Net per share | 0.78 | 0.65 |
| Year | | |
| Revenue | 504.6m | 481.7m |
| Net profits | 128.34m | 105.53m |
| Net per share | 3.50 | 3.18 |

**TRANE**

| Fourth quarter | 1983 $ | 1982 $ |
|---|---|---|
| Revenue | 284.5m | 260.9m |
| Net profits | 8.9m | 2m |
| Net per share | 0.87 | 0.20 |
| Year | | |
| Revenue | 1.07bn | 885.7m |
| Net profits | 32.6m | 23.3m |
| Net per share | 3.16 | 2.28 |

**U.S. HOME**

| Fourth quarter | 1983 $ | 1982 $ |
|---|---|---|
| Revenue | 284.2m | 226.2m |
| Net profits | 1.77m | 5.88m |
| Net per share | 0.05 | 0.18 |
| Year | | |
| Revenue | 1.15bn | 864.2m |
| Net profits | 27.8m | 10.1m |
| Net per share | 0.80 | 0.31 |

# The French take the leading role among foreign banks in Holland

By Walter Ellis in Amsterdam

AS PRESIDENT Francois Mitterrand arrives next Monday in The Hague, to begin the first official visit in modern times by a French Head of State to The Netherlands, there is a statistic he may bear in mind: French banks now control more of the market finance of Holland than any of their foreign rivals.

The Bank of Tokyo, of Japan, is fast becoming a power in the land, and the expected take-over by Chase Manhattan, of the U.S., of the Nederlandse Credietbank (NCB) could give America the edge. But at the moment, the old-established Banque de Paris et des Pays Bas and Banque de Suez Nederland, together with the Credit Lyonnais Bank Nederland (formerly Slavenburg's) and branches of Banque Nationale de Paris and France's Societe Generale, comprise the largest foreign-owned banking network in the Netherlands.

Between them, the three French subsidiary banks here had a balance sheet total of Fl 18.2bn ($5.7bn) in 1982, placing them, collectively, above the NCB (Fl 15bn). The Bank of Tokyo, by comparison, had a balance sheet total in 1982 of Fl 2.6bn, while Barclays in Amsterdam recorded Fl 152m.

Credit Lyonnais Bank Nederland has 75 branches, and Paribas have 30. Banque de Suez Nederland has only three, but each is large and strategically located.

All three point out that they are Dutch banks, acting autonomously within an international group. But each is conscious that the French connection is vital to their image and to the kind of work they perform. Their wider functions result largely from their ownership.

Paribas is the oldest of these three. It dates back over a century, and the fact that the French parent company controls the Dutch subsidiary at all follows from the piquancy of experience of the child displacing its parent. It was in 1863 that the Dutch Credit and Deposit Bank opened its doors in Amsterdam, with branches in Paris and Geneva. Everything went along unremarkably until, nine years later, the Paris branch merged with the Banque de Paris and, in a manner reminiscent of a coup, informed Amsterdam that Amsterdam had become a branch office.

This situation at Paribas persisted for another 96 years, with each division growing in importance and national standing. Then in 1968, it was decided to make the Dutch end of the business independent. Paribas in Holland was itself again, except that 100 per cent of the shares were held by Paribas in Paris. Today, the management is wholly Dutch, and the only French influence inside the Netherlands is through the supervisory board in Paris.

The Banque de Suez Nederland was founded in 1959 as a subsidiary of the Banque de Suez et De l'Union des Mines, with the curiously French-sounding (though entirely Dutch) title of Rembourse-en Industriebank. It did not adopt the current style until the merger in 1975 of the original mother company and the Banque de l'Indochine, to form under the style taken in 1982, Banque Indosuez.

In 1983, Banque Indosuez, together with most other French banks, including Paribas, was nationalised. But the Dutch offshoot remains an independent subsidiary, supervised by the Nederlandsche Bank.

Credit Lyonnais Bank Nederland took its title last July, following the French bank's decision in 1981 to take a 78 per cent holding in Slavenburg's.

There then came, however, a police investigation into allegations of fraud within Slavenburg's. No sooner had M Georges Vigon arrived from Paris to take over the chairmanship of the 1981 acquisition, than Slavenburg's was involved in the biggest financial scandal for years in the Netherlands. A police raid on the Rotterdam headquarters of the bank last February was followed by the arresting of past and present managers which has advanced to 20 at the last count.

Today, the story of arrests has been played out—though the trials have yet to start.

M Vigon is now at the head of a re-named institution heavily suppored, and, 91 per cent owned, since last year, by Credit Lyonnais.

Mr Christian Hollander, chief general manager of Paribas in the Netherlands, is keen to point out the "Dutch" character of his bank, which, he says, has traditionally taken an independent line in its financial dealings. However, he is aware of "the increasing necessity of working together in a global financial structure," and this means, most of the time, as a part of the Paribas group.

At Banque de Suez, the same point is made by Mr Klaas Rijpma, one of two general managers in Amsterdam: "Of course we benefit from a group presence round the world. Introductions are very important. But we still work on our own after the introductions have been made.".

M Vigon, at Credit Lyonnais, does not demur from the attitudes expressed by his colleagues. "We are 91 per cent a Credit Lyonnais bank. But we are part of the Dutch banking community. We give the full range of services and are placed right in the middle of the market. Where Credit Lyonnais comes in is as part of the global picture.

"Even if we remain a Dutch bank, we have to fit in for strategic and financial reasons to the Credit Lyonnais programme. We will not be absorbed, but we will be a part of the group."

The reason Credit Lyonnais chose Slavenburg's in the first place was its heavy involvement with trade through the port of Rotterdam.

Mr Rijpma of Banque de Suez says that the basis of his bank's existence had been the provisions of services to French companies located in Holland.

Mr Hollander is clear about the Paribas role: "We focus on Dutch clients or Dutch-based clients, many of them French. We do not exclude a private clientele, but because of our limited domestic network we have a rather different private client profile — up-market — snobbish. We don't pretend that we have re-invented the wheel. What we provide is short lines, rapid decisions, minimum bureaucracy and the resources of something bigger."

Credit Lyonnais is the one with the least-emphasised merchant bank image. It is a universal bank with a steady income from business and trade. Paribas also provides retail services, but is fundamentally engaged in wholesale activities. Banque de Suez gives a limited, and exclusive, retail service, and is mostly wholesale.

Georges Vigon, head of Credit Lyonnais Nederland

No other foreign country can match the interest in Dutch banking shown by the French—not so far at least. The British to make a comparison offer mainly a branch of Barclays International, Midland and Lloyds representative offices and a 30 per cent holding by National Westminster in F. van Lanschot of 's-Hertegenbosch.

What is more, all three French subsidiaries in this intensely banked country are doing well. Mr Hollander expects Paribas to have increased pre-tax profits for 1983 by 25 per cent, and to see a substantial rise in net earnings over the 1982 total of Fl 3.7m. At Banque de Suez, Mr Rijpma is looking to a gross improvement of as much as 20 per cent, yielding a net result of perhaps Fl 4m. Credit Lyonnais, still recovering from the setbacks of 1981 and 1982, expects a 15 per cent development in its activities between now and the end of 1986.

M Vigon is sanguine about the prospect of no dividend for the next 10 years, while the bank sorts out its affairs. "We are not in a hurry for net profits," he says. "Everything is going back into reserves. But we are more than satisfied with our recovery. Confidence has returned, and our investors realise we must look at the intrinsic value of our operation and not at the immediate dividend."

# Husband's gift to absent wife not taxable

GUBAY v KINGTON (HM INSPECTOR OF TAXES)

House of Lords (Lord Fraser of Tullybelton, Lord Scarman, Lord Bridge of Harwich, Lord Brandon of Oakbrook and Lord Brightman): January 26 1984

**A husband who is resident in the UK for tax purposes, but whose wife is non-resident, is not liable to capital gains tax on a gift to his wife if the couple, though geographically separated are not separated in the normal sense of the word.**

The House of Lords so held (Lord Scarman dissenting) when allowing an appeal by Mr Albert Gubay from a Court of Appeal decision that the Special Commissioners were right to uphold a capital gains tax assessment in respect of gifts of shares made by him to Mrs Gubay.

Paragraph 20(1) of Schedule 7 to the Income Tax Act 1965 provides: "If . . . in the case of . . . a married woman living with her husband, the man disposes of an asset to the wife . . . neither a gain nor a loss would accrue to the one making the disposal."

Section 45(3) of the same Act provides: ". . . a married woman living with her husband should be construed in accordance with section 361(1)(2) of the Income Tax Act 1952."

Section 361 of the 1952 Act has been replaced in identical terms by section 42 of the Income and Corporation Taxes Act 1970 which provides: (1) A married woman shall be treated for income tax purposes as living with her husband unless either (a) they are separated under an order of court . . ., or (b) they are in fact separated . . . (2) Where a married woman is living with her husband and either—(a) one of them is, and one of them is not, resident in the UK for a year of assessment . . . the same consequences shall follow . . . as would have followed if, throughout the year of assessment, they had in fact been separated . . . Provided that where this section applies and the net aggregate amount of income tax . . . is greater than it would have been but for the provisions of this subsection, the (Board) shall cause such relief to be given . . . as will reduce the said net aggregate amount by the amount of the excess."

* * *

LORD FRASER said that both Mr Gubay and his wife were resident in the UK up to April 4 1972.

On that date Mrs Gubay ceased to be resident, and she was not resident at any time during the year of assessment April 6 1972 to April 5 1973. She was absent throughout that year. Mr Gubay continued to be resident until October 28 1972.

Between April 4 and October 28 1972 Mrs Gubay lived mainly in the Isle of Man. Mr Gubay visited her frequently. At all relevant times they were living together in the ordinary sense of that expression.

Mr Gubay made a gift of shares to his wife on July 7 1972. His liability to capital gains tax on the shares depended on whether Mrs Gubay was, at the date of the gift, a "married woman living with her husband" within the meaning of the capital gains tax provisions in the Finance Act 1965.

A person was chargeable to capital gains tax in a year of assessment during "any part of which" he was resident or ordinarily resident in the UK (section 20, 1965 Act).

Mr Gubay, having been resident in the UK for part of the year of assessment 1972-73 was, in principle, chargeable in respect of gains accruing during that year.

He would therefore be chargeable to capital gains tax on disposal of the shares, unless he could rely on the exemption in favour of disposals between spouses where the wife was a married woman living with her husband, under paragraph 20 of Schedule 7 to the 1965 Act.

Section 45(3) of the same Act provided that "a married woman living with her husband" should be construed in accordance with section 361(1)(2) of the Income Tax Act 1952. The question was whether, on July 7 1972, Mrs Gubay was a "married woman living with her husband."

Mr and Mrs Gubay did not come within subsection (1) of section 361 in that they were not separated by order of the court or by deed, and were not separated permanently or, in fact, at all.

The issue was whether subsection (2) of section 361 applied on the basis that Mr Gubay was, and Mrs Gubay was not, resident in the UK for the year of assessment 1972-73.

Parliament referred in section 45(3) of the 1965 Act not merely to section 361, but expressly to "section 361 (1) (2)." It must therefore have considered that guidance could be obtained from both subsections as to the construction of "married woman living with her husband." The omission of "and" between (1) and (2) was unusual, though, not unique. It was irrelevant for present purposes.

Subsection (2) dealt with cases which were the opposite of those dealt with in subsection (1), that was to say, with a case where a married woman was living with her husband. It provided that in the specified circumstances "the same consequences shall follow for income tax purposes" as would have followed if they had been separated.

The practical effect of that provision seemed to be not very different from that of the provision in subsection (1) that, in specified circumstances the woman was to be "treated for income tax purposes" as separate from her husband.

Subject always to any effect the proviso to subsection (2) might have, the effect of the main part of subsection (2) was that Mrs Gubay was to be treated for income tax purposes, and therefore for capital gains tax purposes, as not living with her husband for the year 1972-73. The situation fell within subsection (2)(a).

The effect of the direction to construe the expression in accordance with section 361(1)(2) was that section 361 was to apply to capital gains tax as nearly as possible in the same way as it applied to income tax. That was the same as saying that wherever the section referred to income tax, it was to be read as referring also to capital gains tax.

If that were correct, then the whole of the section must apply including the proviso so far as it could be applied, and any benefit that would be conferred by the proviso for income tax purposes must also be conferred for capital gains tax purposes.

Where subsection (2) applied, with the consequence that a married couple were to be treated for tax purposes as separated, the result (apart from the proviso) might be advantageous to them for capital gains tax purposes in some respects, and disadvantageous in others.

The effect of the proviso was that where the subsection would operate to the disadvantage of the spouses by increasing the amount of income tax payable by them, relief was to be given to the husband or to the wife so as to cancel out the excess.

The effect of section 45(3) was that the same relief must be given where the subsection would operate to their disadvantage in respect of capital gains tax.

For those reasons the appeal should be allowed.

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LORD BRIDGE, agreeing that the appeal should be allowed, said that married couples did not enjoy many fiscal advantages over those who lived together unmarried. The reverse was normally the case. But at least spouses could ordinarily make gifts to each other without incurring liability to capital gains tax.

If the Revenue were right, the unfortunate Mr Gubay must feel that he had fallen into a trap for the unwary set by the extreme obscurity of the legislative provisions which fell to be applied.

The time-honoured principle was that the subject was not to be taxed except by clear words. If the Revenue were to make good their claim to capital gains tax they must show that section 42(2) [361(2)] clearly entitled them to do so.

The statutory language could arguably be read so as to lead to that result, but it could not possibly be said to do so clearly.

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LORD BRANDON, also agreeing, said that where spouses were separated geographically for the whole or part of a year of assessment, they were not on account of geographical separation alone, to be liable to greater capital gains tax than if they had not been separated geographically.

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LORD BRIGHTMAN, also agreeing, said that if geographically separated spouses were not to be prejudiced by their separation for income tax purposes, there was no logic in assuming that Parliament intended them to be prejudiced for capital gains tax purposes.

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LORD SCARMAN, dissenting, said that the proviso in section 361(2) was no help in construing the capital gains tax legislation. It merely imposed a specific duty on the Revenue to give relief for income tax purposes against a consequence of treating a woman as separated from her husband under (a) or (b) of the subsection.

It offered no guidance as to the meaning of "a married woman living with her husband." It accepted without contradiction what the subsection said, namely that a woman who fell within (a) or (b) was to be treated as if she were separated from her husband save in one respect only. Accordingly, Mrs Gubay should not, for capital gains purposes, be treated as a married woman living with her husband.

*For Mr Gubay: Stewart Bates QC and Robert Venables (Rooks, Rider and Co., agents for Scowcroft and Co., Douglas, Isle of Man).*

*For the Revenue: Andrew Morritt QC and Robert Carnwath (R. S. Boyd).*

**By Rachel Davies**
*Barrister*

# UK COMPANY NEWS

## Berisford hit by Erlanger losses

PRELIMINARY RESULTS of S. & W. Berisford show pre-tax profits £894,000 ahead at £55.64m after taking account of a £17.66m rise in exceptional losses at Erlanger Tubular Works (now sold) to £21.2m and a £12.12m jump in group interest charges to £44.23m.

The comparable figures included a £21.42m share of profits of British Sugar as an associate.

During 1982 the company became a wholly-owned subsidiary and contributed operating profits of £76.9m out of a group total of £121.07m (£68.97m) for the year under review to September 30 last, which Berisford directors say fully justifies the investment.

Extraordinary debits, including a loss of £23.53m on the sale of the Erlanger tubular business, totalled £23.88m (£517,000 credits) and left group profits at the available level at £18.5m, compared with £45.24m.

However, a final dividend of 6.5p (6p) lifts the net total from 9p to 9.5p per 25p share, an increase of 5.6 per cent. Earnings emerged at 22.13p (26.06p) per share.

The directors tell shareholders that full details of the Erlanger sale will be given in the accounts. They expect to receive at least $51m from the disposal, which took effect from July 1983.

During the year the group entered into a joint venture for oil and gas exploration in the U.S. To date, the results of the preliminary drilling programme have been "most encouraging."

Further evaluation and development drilling is continuing in order to confirm the significance of the reserves.

It is pointed out that since the year-end improvement in world economies have stimulated activity in the group's major markets to a much higher level than has been seen for some time.

British Sugar's 1983/84 campaign was completed last week producing 1,063,000 tonnes of sugar which, when added to the 80,000 tonnes carried forward from 1982/83, has enabled the group to complete the UK's A and B quotas for the second year running.

The directors say this was a notable achievement after the wettest spring on record—only 850,000 tonnes seemed likely last June.

They sum up by saying that the elimination of trading losses at ETW and the new activity in oil and gas exploration promises well for the future.

Group turnover for 1982/83 expanded from £2.73bn to £4.33bn. An analysis of these figures and operating profits by activity before Erlanger shows: British Sugar £559.51m (£90.4m) and £76.9m (£13.46m), commodity merchanting and international trading £3.12m (£1.79m) and £33.2m (£40.4m), general merchanting and processing £633.52m (£829.69m) and £12.3m (£14.14m) and financial, property and group administration £7.02m (£7.8m) and £1.34m loss (£966,000 profit). Erlanger turnover totalled £8.05m (£12.42m) and losses £21.2m (£3.54m).

Tax for the year accounted for £12.96m (£9.82m) and minorities £292,000 (£203,000). Profit before extraordinary items was £42.38m (£44.72m).

Commodity merchanting and international trading continued to make a major contribution to group results but the general merchanting and processing division suffered pressure on margins.

Group pre-tax profits at the interim stage showed a rise from £24.42m to £31.62m. British Sugar's net contribution to group results was £19.5m.

See Lex

### HIGHLIGHTS

Lex looks at the latest from **John Brown** which reported further losses for the interim stage yesterday. But the group has presented a plan designed to bring it into profits within two years. The column then moves on to consider **S & W Berisford** which announced profits for the full year and its withdrawal, at considerable cost, from its ill-fated Erlanger steel tubes subsidiary in the U.S. **Reed International** posted its third-quarter figures to shareholders yesterday which are more or less in line with expectations despite the setback at Mirror Group. Finally Lex looks at the position of **Week Petroleum** following the market raid yesterday by an unnamed Australian business which picked up a quarter of the equity at a cost of £75m.

## Second half slow down at Allied Textile

PROFIT GROWTH slowed in the second half at **Allied Textile Companies** with a marginal advance of £41,000.

However, on the back of a 22 per cent rise halfway, the company finished the year to September 30 1983 with a taxable surplus some £310,000 higher at £3.5m.

Turnover for the 12 months was lower at £26.06m compared with £27.77m. At the six months stage it was down at £13.03m (£14m).

The final dividend is unchanged at 4.42p net per 25p share and maintains the year's total payment at 7.24p. Earnings per share, after tax of £256,000 (£1.41m), are given as 39.4p (21.7p).

In accordance with the circular dated October 25 1983, some £1.03m of 10 per cent convertible subordinated unsecured loan stock 1993 has been issued to shareholders on the basis of £1 of stock for every eight ordinary. At the proposed level of ordinary dividend the additional sum to be distributed to stockholders on an annual basis will increase total distributions by approximately 12½ per cent from the 1982 level.

Release of deferred tax was £2.93m (£506,000).

### ● comment

*If* **Allied Textiles** *has put on new clothes in recent years to look more like a cash management concern, its latest disguise is that of leasing company.* With the benefit of first-year capital allowances on assets acquired for its own activities and outside leasing operations, Allied Textiles has sheltered every penny of its profits from mainstream corporation tax. The value of finance leases has risen from £7.4m to £13m, while post-tax profits have nearly doubled to £3.2m. Barring a crackdown in the March budget, the group sees no reason why it should not continue using leasing business to avoid corporation tax again this time. Non-textile assets—including leased assets—have risen to £17m, producing a pre-tax income of £1.1m, while the textiles contribution was static on a £1.75m decline in turnover. Textiles margins have improved because the group is increasing its emphasis on more profitable non-apparel sales to the furniture and automotive industries. These account for around half of turnover against one-third a year ago. The shares dropped 3p to 278p, where Allied is capitalised at £22.7m.

## Reed Intl. over £60m after £7.1m third quarter improvement

DESPITE A slight downturn in the third quarter by its UK activities **Reed International** pushed its pre-tax profits for the period up from £13.9m to £21m, which lifted the total for the nine months to January 1 to £60.2m, compared with £40m previously.

Turnover of both the UK and overseas sides expanded during the third quarter, but while the UK activities showed a £0.8m decline in operating profits to £15.9m the overseas interests produced £8.1m more at £9.9m. The associates added £1.8m (£0.1m).

Group turnover for the nine months totalled £1.48bn (£1.31bn). Third quarter turnover amounted to £495.7m (£447m) and was made up as to UK and exports £360.7m (£237.7m) and overseas £135m (£109.3m).

The group has interests in paper, printing, publishing, building and home improvement products. Its brands include Crown, Polycell and Mirror Group Newspapers.

In a statement last October the directors said they intended to realise the whole of the group's investment in the capital of Mirror Group Newspapers by means of an offer for sale to the public during the first half of 1984.

Group interest charges for the nine months period were up from £12.7m to £14.9m, with the third quarter charge little changed at £4.8m, compared with £4.6m.

Tax accounted for £18.5m (£17.3m) to leave net profits for the nine months £19m ahead at £41.7m.

Earnings emerged at 35.1p (19.1p) per £1 share.

Allowing for current cost adjustments pre-tax profits for the nine months totalled £36m (£17m) and on the same basis earnings amounted to 14.7p (0.8p loss) per share.

Mr J. P. Williams has been appointed a main board director with effect from today. He is president and chief executive of Reed Inc., the group's principal operating company in Canada. He is also chief executive of Reed International's North American paper group.

See Lex

## Securiguard tops profit forecast at £532,000

**Securiguard Group**, the security and cleaning services group which came to the USM in May, 1983, has comfortably exceeded its profits forecast of £500,000 in the 52 weeks to October 30 1983.

The group continues to achieve high growth and pre-tax profits for the year increased to £532,000, against £313,000 in the previous 53 weeks, with both divisions lifting earnings. Turnover rose from £6.09m to £7.52m.

The acquisition of Northern-based Property Guards in November has enabled the group to offer its services nationwide and is expected to make a contribution to group profits in the second six months.

As forecast in the prospectus, a dividend of 0.875p net per 5p share is recommended for the year. Earnings per share advanced from an adjusted 2.9p to 5.3p.

After tax up from £166,000 to £256,000, attributable profits came out at £276,000, against £147,000. The dividend absorbs £47,000 (nil).

### ● comment

Securiguard ended the year just a squeak ahead of its own forecast with a 70 per cent increase in pre-tax profits. Yet it is a slightly different animal from the one that entered the USM nine months ago. Union resistance has made public service cleaning look rather less of an El Dorado than formerly—in fact public sector work on both sides of the business accounts for only 15 per cent of turnover. Meanwhile, security has increased its share of sales to 60 per cent and should take more this year following the acquisition of Property Guard. The purchase completes Securiguard's geographical spread and puts it in a good position to win a three-year £3m government contract which requires security services in any UK location. The loss-making Property Guard should have turned the corner by the interim stage and a further £1m worth of contracts look on the cards, pointing to a full-year out-turn of around £850,000 pre-tax. At yesterday's price of 137p, that puts the group on a multiple of almost 18, assuming an actual 52 per cent tax charge.

## Receivers called in at James Dennis

**James H. Dennis**, the Manchester-based engineering company, was put into receivership yesterday after its bankers said they intended to withdraw their support for the company.

The group has two operating companies — Dennis Castings, which operates a foundry, and Knowsley Engineering, which makes fire protection equipment. Together they employ 115 people.

Dennis has been struggling for survival over the past year. Mr Jim Mundell, the group's chairman, said in July that there had been no improvement in difficult trading conditions. He caught an optimistic note by suggesting that the foundry groups to survive the current recession "will have a bonanza."

Accountants Price Waterhouse have been appointed as receivers. They said yesterday that the group would continue trading while a purchaser for the business was sought. Dennis' shares have been suspended at 25p.

## Gallaher surges to over £100m

WITH ALL divisions except engineering showing improvement and a substantial cut in interest charges, **Gallaher** has shown an advance from £75.1m to £101.1m in pre-tax profit for the year 1983. The group is engaged in tobacco, optics, pumps and valves, retailing and wholesaling, and office products, and is a Northern Ireland subsidiary of American Brands.

Non-tobacco profits were up 46 per cent to £36m, equivalent to an increase of 80 per cent over the past two years. On the optical side, there was a good first time contribution from Spain and substantial back payments from the DHSS relating to work completed in the four previous years. Excluding these, the UK had a satisfactory year and there were signs of recovery in Italy.

In the year, group sales advanced from £2.23bn to £2.58bn, excluding VAT, and trading profit from £90.5m to £110.4m, after charging depreciation £21.5m (£17.5m). A divisional split shows:— tobacco contributed £1.94bn (£1.68bn) and £74.2m (£65.7m); optical £95.1m (£67.1m) and £21.2m (£11.3m); engineering £103.3m (£82.9m) and £4.2m (£4.7m); distribution £512.6m (£458.2m) and £8.9m (£7.9m); office products £63.5m (£53.3m) and £3m (£2.1m), less inter-divisional sales £136m (£114.7m) and adjustments £1.1m (£1.2m).

Adjustments include exchange differences arising on foreign currency transactions, the differences between opening and closing unrealised profits on inter-divisional sales, a surplus arising from self-insurance transactions, and closure and re-organisation costs for a subsidiary. Within the figures published for the nine months to September 30 1983 closure costs of £5.6m were treated as extraordinary items (£2.7m after tax). This cost is now regarded as partly exceptional and partly trading.

Interest charges fell from £15.4m to £9.3m. After tax £43.6m (£33.3m) and minorities £100,000 (nil), the net profit for the year comes to £57.4m (£41.8m).

Mr S. G. Cameron, chairman, reports that domestic cigarette business showed strong growth in a UK market virtually unchanged in 1982. Gallaher volume was up nearly 10 per cent with a significant increase in market share. Benson and Hedges Special Filter and Silk Cut were again the leading brands.

In cigars, volume was fractionally down, but market share increased helped by a fine performance from Hamlet. Both the pipe and roll-your-own tobacco markets were down, but again the Gallaher share was up. Condor and Mellow Virginia performed particularly well. Exports of cigarettes from the UK showed good growth, and Silk Cut continued to make strong gains.

The overseas tobacco companies had mixed fortunes. Overall trading results were up 6 per cent with improved performances from Gallaher (Dublin) and Rittmeester, but Niemeyer suffered from severe price competition in the West German market.

Trading was difficult in UK engineering with continued slack demand for both pumps and valves. Deliveries to Nigeria were affected by currency difficulties, but elsewhere in Africa excellent progress was made.

Looking at prospects for the current year, Mr Cameron says the economic recovery appears to be under way and most parts of the group are reporting a higher level of activity. "Provided the Government takes a fair rather than a penal view on tobacco product taxation, there are grounds for cautious confidence," the chairman states.

## McCorquodale calling for £10.8m to fund expansion

**McCorquodale**, the packaging and printing company, is proposing to raise approximately £10.76m after expenses, by way of a rights issue of up to 8,153,216 new ordinary shares at 137p per share.

Mr Alastair McCorquodale, the chairman, told shareholders at yesterday's annual meeting that the cash would be used to help McCorquodale expand, particularly in new technologies to strengthen the growing business in security printing of cheque books, credit cards and other documents.

In addition to the rights issue, the company is subdividing its ordinary 50p shares into 25p shares to improve marketability.

The company has shown an increase in pre-tax profits each year for the last seven years. In the year to September it made pre-tax profits of £7.3m, up from £6.2m. Sales were ahead from £100.5m to £111m.

Mr McCorquodale said in his chairman's statement that the group had moved in the last few years into long-term profitable growth areas.

"We have substantially expanded and developed our overseas activities, we have continued to invest heavily in the most modern available equipment in our growth businesses and we have closed down, restructured or re-focused our more mature businesses," he said.

McCorquodale has shown particularly strong growth in North America helped by the acquisitions of Korb Check Printers, a cheque and bank stationery company, and a 20 per cent interest in The Dealers' Digest, a specialist financial and investment publishing company.

The company has been advised by Kleinwort Benson.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Allied Textile | 4.42¶ | — | 4.42 | 7.24¶ | 7.24 |
| S. & W. Berisford | 6.5 | April 6 | 6 | 9.5 | 9 |
| Cantors ......int | 0.5 | April 19 | — | — | 1.5 |
| Cowan de Groot ......int | 1 | Mar 30 | 1 | — | 2 |
| Equipu ......int | 1.3 | Mar 30 | 1.2 | — | 3.4 |
| Hambro Trust ......int | 1.59 | — | 1.59 | — | 5.62 |
| IDC Group | 5.12 | — | 4.66 | 6.73 | 6.12 |
| Palmerston Inv Tst ...int | 1 | — | 1 | — | 2.5 |
| Securiguard | 0.88‡ | April 6 | — | 0.88 | — |
| Zetters ......int | 0.9 | April 9 | 0.85 | — | 3.1 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Shareholders have also received a scrip issue in loan stock.



## Taddale Investments up to £1.57m at halfway

RECORD INTERIM results are reported by **Taddale Investments**, the industrial holding company, with pre-tax profits of £1.57m for the six months to October 31 1983, against £915,301.

This exceeds the £1.51m taxable profits made by the group for the whole of the previous year to April 30 1983.

Turnover of the group, shares of which are traded on the market made by Harvard Securities, increased from £2.26m to £6.52m for the first half of the current year.

Earnings per 10p share increased by 9.8 per cent from 3.95p to 4.337p and the interim dividend is maintained at 1p net. There was again no tax charge and dividends absorbed £607,911 (£231,670).

Profits, as in the past, were increased by proceeds from disposals. However, Sir Monty Finniston, chairman, reports that subsidiaries and associated companies are making an increasingly important contribution and were responsible for half the earnings of the first six months. The trend is expected to continue.

Sir Monty adds: "The excellent start to the year's trading, and the indications that this is continuing, is testimony to the successful synergy of management expertise with the financial resources of the company. Significant new acquisitions have been made in recent months and our plans include further growth in our portfolio of industrial concerns."

● Mr Arnold Clayman, chairman of **Prince of Wales Hotels**, last night defended the proposal to pay £3.62m for the St George's Hotel, London, after criticism from Taddale Investments, which owns 14.8 per cent of POW.

Taddale, which hopes to achieve a full market listing this year, has indicated it will vote against the plan at a shareholders' meeting on February 13 to approve a one-for-two rights issue to raise £2.64m towards the purchase cost.

Mr Michael Carlton, Taddale's deputy chairman, said he understood other financial institutions might abstain or oppose the deal.

POW, which has 10 hotels in the UK, claims the acquisition would allow it to offer a London hotel as part of a holiday package.

## Better first six months for Zetters

**Zetters Group**, with interests in football pools and bingo clubs, pushed pre-tax profits up from £511,859 to £569,216 for the six months ended September 30 1983 on a £218,000 rise in turnover to £6.32m.

The net interim dividend is being lifted from 0.85p to 0.9p from earnings of 3.98p (3.69p) per 5p share. Tax took £308,000 (£270,000). The company also has an interest in an hotel.

The directors say profits over the period were satisfactory, although exceptionally bad weather over most of the country "may have made that position difficult to sustain." They add, however, that the adverse effect on profits "will be marginal."

It is pointed out that the pools division is having an indifferent season but that there are now some hopeful indications for the future. Optimism in bingo remains fully justified and the directors are continuing to seek further expansion in this area.

## Dorada redemption

**Dorada Holdings** has been authorised by the High Court to convene a meeting of holders of its outstanding £69,632 6¾ per cent unsecured loan stock 1984-1989, to consider, and if thought fit, approve the terms of a scheme of arrangement.

Under the scheme, the stock will be cancelled and extinguished in return for a payment equal to 95p for each £1 nominal amount of stock, plus accrued interest. It is expected to despatch details of the scheme on February 6 1984.

## F. Miller will lose orders from Marks

By David Dodwell

F. Miller, the Glasgow-based textiles company, will lose 30 per cent of its orders later this year when its "principal customer"—Marks & Spencer—"excludes" it from some of its order books.

The loss of orders from Marks & Spencer is understood to be due to dissatisfaction with F. Miller's design capabilities.

The admission that orders will soon be lost came in a letter to shareholders from the Miller board just two days before the closing date for an agreed £11.3m equity bid from Nottingham Manufacturing, a textiles group which is also a prominent supplier to Marks & Spencer.

It indicated that a search for a "white knight" to offer better terms than those from Nottingham Manufacturing had come to nothing, following the collapse of discussions last week.

It therefore concluded that shareholders faced a stark choice—between becoming part of a larger group or carrying on as an independent unit facing "a lengthy period of reduced profits."

Shareholders accounting for just 21 per cent of Miller's shares have undertaken to accept the Nottingham Manufacturing offer—and the majority of these are Miller board members.

One of the group's two stock brokers, Greig Middleton, resigned in December, in protest over the terms of the agreed offer. Its second broker, Vickers da Costa, has been advising shareholders not to accept.

The terms being offered by Nottingham are at a considerable discount to the market price prevailing when Miller's shares were suspended at 42p in December. Th eall-share offer valued Miller shares at 35.6p.

Until now, the Miller board has simply suggested that profits for the year to February 13 "will be substantially lower than those for the previous year," when they capped 10 years of unbroken growth

The board talked of difficulties in the children's clothing market, with trading becoming much tougher in recent months.

The company gave no indication yesterday about whether the orders from Marks & Spencers would be recovered if the planned takeover were successful. Marks accounts for over 80 per cent of Miller's sales, and a 30 per cent fall in turnover would seriously jeopardise its trading profitability.

# Belgrave £7m agreed bid for Hales

BY CHARLES BATCHELOR

Belgrave (Blackheath), the West Midlands forging and machining company now headed by Mr Abdul Shamji, the Ugandan Asian businessman, is making a £7m agreed share bid for Hales Properties Group, a Birmingham property developer and investor.

This deal represents a further move by Mr Shamji into the public domain. Most of his businesses are carried out through the Gomba Group, an unlisted company, but in May 1983 he took a 28.7 per cent stake in Belgrave and later became chairman.

As part of the Hales transaction, Gomba will inject substantial property interests into Belgarve leaving Gomba with 31 per cent of its enlarged equity. Gomba said the Takeover Panel had indicated it would not expect Gomba to bid for the rest of Belgrave. Belgrave's net asset value will rise to £10.3m from £1.46m.

Trading in both Belgrave's and Hales' shares resumed yesterday following their suspension on Monday. Belgrave's shares rose 15p to 170p while Hales rose 85p to 225p—still below the 248.8p per share value of the Belgrave offer.

Belgrave is offering 161 of its own shares for every 110 Hales' Standard Chartered Merchant Bank has underwritten a cash alternative worth 161p for each Hales share.

Hales' directors, members of their families and other shareholders, with together 51.62 per cent of the equity, have undertaken to accept the Belgrave offer and are advising shareholders to do the same. Another major shareholder which has not yet indicated whether it will accept is the Wesleyan and General Assurance Society with 24.78 per cent.

Hales increased its pre-tax profit to £318,000 in the six months ended September 30, 1983 from £293,000 in the comparable period. It made property sales worth £427,000 and received rental income of £330,000.

Hales had net assets of £4.1m at March 31, 1983, but the directors believe current asset value is about £5.9m, ignoring any potential tax liabilities on the sale of the properties.

Mr Frederick W. Hales, a consultant for, and former director of, Hales said: "We are a hybrid property company which has done some building. The main properties are industrial estates and a large MFI superstore unit. We have some building land and houses and flats which have been let.

"Two of the three original Hales family directors, including myself, have reached retirement age. We have had tentative offers for the group for many years and have now decided to accept this one."

Mr Reginald Hales, the chairman, and Mr Frederick J. Hales, company secretary and managing director, will resign as directors. Mrs Lesley Thompson will remain a director and Mr Shamji, Mr Michael Hendrie and Mr Jim Sharp, directors of Belgrave will join the Hales board.

Belgrave is also negotiating the purchase of the assets and business of a small engineering company with turnover of about £1m from a large publicly quoted company for about £165,000. The company, situated North of London, is engaged in automotive and precision engineering.

This purchase will be financed by a vendor placing of new Belgrave shares which will be taken up by certain Gomba directors and executives of Gomba at 148p a share.

Belgrave, which plans to change its name to Belgrave Holdings, returned to profit—of £18,000 pre-tax — in the six months ended July 31 1983 on turnover of £1.3m.

## Morland Secs. suspended on acquisition talks

THE SHARES in Morland Securities, a small property company quoted on the USM, were suspended yesterday as the directors embarked upon talks which may lead to an acquisition.

In an announcement yesterday Morland stated that discussions are "at an early stage concerning the proposed acquisition of a private company supplying equipment to the building industry."

Last October when Mr Jeremy Peace, an ex-merchant banker at Singer and Friedlander, spent £362,000 buying over 53 per cent of the company, the offer document stated that it would be his intention to take the company into an acquisition.

At the 122p suspension price, a high for the last year, Morland is capitalised at £1.58m.

Mr Peace would not comment on who he is talking to but said that if the deal is completed it would be "rewarding for shareholders."

He did not discount the possibility that he would relinquish control by issuing Morland shares for an acquisition if the "deal merited it."

## Highgate & Job planning offer for Michael Black

Highgate & Job, the oil refiner and protein meal producer, yesterday revealed plans to mount a £1.98m equity bid for Michael Black, the USM-quoted video equipment wholesaler.

Highgate is offering 22 of its own shares for every 100 in Black. With Highgate's shares closing unchanged yesterday at 220p, this values Black shares at about 52p, and the company at £1.98m.

Michael Black directors "noted" the Highgate announcement, and said they would be considering it with their financial advisers. They urged shareholders to take no action.

The plan to mount a bid comes on the day that Mr Mark Watson-Mtichell, who recently acquired a 29.9 per cent stake in Highgate, was appointed the company's chairman. Mr Watson-Mitchell, who recently newsletter.

Black's shares jumped 7p on news of the bid approach, to close on the USM at 54p.

# Swedish investment in S. Montagu affiliate

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

TWO PROMINENT Swedish financiers and other Swedish business interests have bought into Montagu and Co., the Swedish finance house affiliate of Samuel Montagu, the London-based merchant bank.

Changes in Swedish legislation concerning investment company ownership of stockbroking companies has forced the withdrawal of Samuel Montagu's original partner in the venture, the Carnegie investment company.

Samuel Montagu and Carnegie established Carnegie Montagu in early 1982. It was the last finance house to be set up with foreign sharholding interests before the Swedish authorities froze such moves last year. Samuel Montagu and Carnegie each held 45.5 per cent—Skandia, Sweden's leading insurance group, held the remaining 9 per cent—in what was claimed to be Sweden's first merchant bank.

After a controversial beginning, the venture developed strongly last year and yesterday announced a SKr 17.8m (£1.55m) profit (before taxes and allocations) for 1983.

Carnegie has now sold its 45 per cent holding and Samuel Montagu has reduced its own holding to just under 40 per cent in order to give its affiliate greater flexibility in raising future equity.

The new shareholders include Mr Erik Penser, one of the leading Swedish financiers, who controls through various investment companies holdings in major Swedish industrial groups such at Bofors, Kemanobel and Saba, the retail trading group. His investment company Yggdrasil is acquiring a 15 per cent stake in Montagu and Co.

In addition, Skrnet, a rapidly growing investment company based in southern Sweden is acquiring 13 per cent. Ahlsell, the trading and technology group, is buying 18 per cent and the financier Mr Thomas Fischer is acquiring 5 per cent.

## Southwest Resources buys into U.S. find

States Petroleum, a subsidiary of Southwest Resources, is acquiring an 8.33 per cent royalty interest in a recent oil and gas discovery off the Louisiana coast from Superior Oil.

The deal is worth about £3.59m ($5.05m) and will be financed by the issue of 5.55m ordinary shares in Southwest Resources. These have already been placed conditionally by Panmure Gordon and an EGM containing resolutions to increase the authorised share capital will be held on February 23.

Proven oil and gas reserves attributable to the discovery have been independently estimated by Resource Evaluations at 25bn cu ft of gas and 250,000 barrels of oil. There are two wells on the block which is 25 miles off the coast and in 25 ft of water. A third well is being considered.

Production on the site has recently started and when fully developed it should be possible to maintain an average output of 13m cu ft of gas and 150 barrels of oil a day.

## No approach to UKO

The board of UKO International, maker of ophthalmic lenses, and general engineer, stated yesterday that it has not received any approach that might lead to an offer for the company. With the shares gaining a further 10p yesterday, the market is capitalising UKO at nearly £23m.

However, the board states that a brief exploratory meeting has taken place with Mr Asil Nadir to discuss ways in which UKO's products could be promoted in the parts of the world in which Mr Nadir's companies (the Polly Peck group) operate. "The discussions are only at a preliminary stage," the board stresses.

Since last Friday morning the UKO shares have leapt by a total of 41p to a current close of 183p. At one time yesterday they reached 170p.

## Resource Technology

Resource Technology has completed the £550,000 acquisition of Maiden Electronics, a Wimbledon-based manufacturer and distributor of electronic testing equipment principally for the telecommunications industry.

# W. H. Allen planning £1.4m share sale to regain independence

BY TIM DICKSON

W. H. Allen, the hard cover and mass market paperback book publisher which is part of the publicly quoted Howard and Wyndham group, is planning to become an independent company again with the help of the Government's Business Expansion Scheme.

The transformation will take place following the commencement by Allen yesterday of an offer for subscription of 8.25m new shares at 17p each. The issue will raise just over £1.4m "to expand the working capital base of the company in order to finance projected growth in turnover."

Significantly, however, with H and W left holding just 38 per cent of the equity W. H. Allen becomes a qualifying company under the BES.

Individual subscribers to the issue, according to the company's advisers, Guidehouse, "will be able to claim income tax relief on the amount of their subscription at their highest marginal rate."

The BES was introduced in last year's Finance Act to encourage more private investment in a wide range of unquoted trading companies. But this is understood to be the first time that a publicly quoted company has hived off one of its subsidiaries in this way.

Figures published in the prospectus show that W. H. Allen, which publishes under the Star, Target and Comet imprints and whose titles include biographies of royalty and Hollywood stars, moved back into profits in 1982 after three years of losses.

These were principally attributed to investment "in establishing the paperback imprints and the slump in general publishing trade in the UK" from 1979 to 1981.

Since the appointment of Mr Bob Tanner as managing director in 1979 senior management has been changed "and financial controls and sales and editorial and production departments have been substantially strengthened."

The company estimates that for 1983 profits, both before and after tax, "were not less than £100,000" on sales of £4.5m, and for the current year to December 31 is forecasting pre- and post-tax profits of "not less than £290,000."

No dividends will be paid for 1983 and 1984 but "thereafter the matter will be reviewed annually."

The directors explain that "the proceeds of the issue will enable the company to be independently managed and financed" and that while an Unlisted Securities Market listing is not possible under the BES rules for three years Guidehouse will be establishing an over-the-counter market in its shares.

The prospectus shows that Howard and Wyndham's shares were valued at between 13p and 14p, reflecting the fact that Allen had been financed by its parent through an interest free loan. H and W, which took control of Allen in 1971, has undertaken not to sell any part of its minority shareholding before March 31 1987 without the prior consent of the board.

## Chloride to sell Shires offshoot for £9.5m cash

Sir Richard Sutton's Settled Estates, a London-based company with wide-ranging interests, is to acquire Chloride Shires, a wholly-owned UK subsidiary of Chloride Group. Agreement has also been reached for the acquisition of Chloride Shires Ireland, based in Dublin.

The purchase price of approximately £9.5m — which is in excess of net asset value—will be payable in cash.

The divestment of Shires, an established manufacturer of bathroom suites, is in accordance with Chloride's previously announced strategy to concentrate its resources on its core businesses of rechargeable lead acid batteries and related systems.

Companies and Markets

# UK COMPANY NEWS

## Recovery foreseen as interim profits rise at Cowan de Groot

HIGHER PROFITS of £610,000 against £230,000 have been achieved by Cowan de Groot in the six months to October 31 1983. And, despite its seasonal nature of trading, the company expects to make a small profit in the second half.

With the rationalisation of the group over the past two years, Mr Derrick Cowan, chairman, says "it is reasonable to assume that we are on the pathway to recovery."

He adds that the group's overall financial position remains strong. Also, liquidity is most satisfactory with funds on deposit and virtually no bank overdrafts at present. The company has substantial undrawn bank facilities available for its forthcoming seasonal and trading needs, he says.

First half turnover, of this importer and manufacturer of toys and giftware, fell from £17.33m to £15.79m. However, trading profits expanded from £510,000 to £709,000. The taxable result was helped by a fall in losses in companies sold or which ceased trading from £280,000 to £99,000.

Commenting on the six months, Mr Cowan says that generally the major companies performed well. In the toy division the excellent result previously achieved by D. Dekker has been maintained.

The interim dividend is being maintained at 1p net per 10p share with earnings stated at 3.1p (0.7p). Mr Cowan has reaffirmed his statement of last August that profitability would be sufficient to cover fully the existing level of dividends.

Last year's final dividend was unchanged at 1p on pre-tax profits of £224,000.

Net profits for the opening period emerged at £493,000 (£160,000) after tax of £117,000 (£70,000). Extraordinary items, mainly relating to cessation of operations of Codeg Security Systems, took £122,000 (£440,000) to leave an attributable surplus of £371,000 (deficit £280,000).

### ● comment

Though battered, Cowan de Groot has emerged from the past three dark years as one of the few UK toy companies that has remained largely intact. While other companies in the same boat ran foul of unwise acquisitions and the gauntlet of having to carry seasonally high stocks during a period of prohibitively expensive money, Cowan managed to survive because of the conservative nature of its management. Not one for taking big risks or making hasty decisions, the company has developed a broad range of unexciting, though long-proven, imported products which enables it to balance swings and roundabouts and always provide at least bread and butter earnings—a formula which has largely identified the stock along with the plodding variety. To be fair, the company has made cautious moves into the electrical and hardware business but this has not yet measured up to the hope that diversification will significantly change the traditional profits mould. Broadly, the company is now shot of its major problems in Ireland while remedial action is under way at The Russian Shop and the wholesale cycle subsidiary. All this should ensure a partial recovery to about £0.75m pre-tax this year along with a maintained payout. This puts the 35p shares, standing at a 38 per cent discount to net asset value, on a fully-taxed prospective p/e of 20 while the yield is over 8 per cent.

## Equipu boosts profit 81% to £364,000

HIGHER SALES volume and tighter controls on overheads have lifted pre-tax profits of Equipu by 81 per cent, from £201,000 to £364,000, in the six months ended October 31 1983. Turnover improved from £3.11m to £3.9m, an increase of 25 per cent. The tax charge was £15,000 lower at £59,000.

An interim dividend of 1.3p is declared. Earnings per share rose from 2.59p to 6.57p.

In October, last year, the company added the new Nashua copiers to its range and in December it acquired Datalink Micro Computer Systems. This Bristol-based company deals mainly in IBM and Apple micro-computers.

As a result of these two developments, Mr P. G. Bradshaw, the chairman, is looking forward to profits continuing their improvement.

## Wistech places 5m shares on OTC market

Wistech, which provides specialist cleaning, maintenance and waste handling services, is placing 5m new shares of 1p at 7p per share on the over-the-counter market through licensed dealers in securities, the London Venture Capital Market. It is also seeking Inland Revenue approval to qualify for the Business Expansion Scheme.

Wistech was the subject of a management buy-out from Wimpey in December at a cost of £680,646. The company raised £512,500 through the issue of shares and arranged a bank facility up to £200,000. The proceeds of the placing, 25 per cent of the enlarged equity will be used to provide additional working capital to expand the business.

Wistech has its headquarters in Bridgend, Glamorgan.

The company had losses of £305,175 in 1982, and in 1983 of £183,102, but the directors are forecasting a pre-tax profit of not less than £225,000 for the year to September 1984.

## Yearling bonds down

The interest rate for this week's issue of local authority bonds is 9⅞ per cent, down one sixteenth of a percentage point from last week and compares with 11⅛ per cent a year ago. The bonds are issued at par and are redeemable on February 6 1985.

A full list of issues will be published in tomorrow's edition.

## John Brown losses fall: profits forecast for 1986

A REDUCED first half loss at John Brown will be followed by further reduction in leeway in the second six months of the current year and a return to profits by 1986. This will be achieved on the back of a rationalisation programme which will see the group withdraw, after 37 years, from machine tool operations.

For the half year to September 30 1983 the pre-tax loss was cut from £9.4m to £9m on turnover of £215m (£289m), and Sir John Cuckney, chairman, forecasts a full year deficit of some £6m compared with £8.6m for the corresponding period.

Tax at mid-term took £0.2m (£0.7m), leaving the company £9.2m (£10.1m) in the red at the net level and the loss per 25p share at 7p (7.7p).

The results also include an extraordinary provision of £36.8m (£16.9m) to cover the costs of implementation of the corporate plan, a proposal involving substantial structural changes within the group. This left the attributable deficit at £46m (£27m).

The extraordinary charge principally involves withdrawing from non-score business operations and Sir John says that in assessing this amount a high degree of estimation was necessary. However, he believes the sum set aside will prove sufficient.

He reports that losses this year reflect difficult trading conditions and a "very considerable" interest burden.

The reorganisation plan, developed with financial advisers Schroders from a report prepared by Ernst and Whinney, is aimed, he says, at returning the group to profits during the year to March 31, 1986.

"The programme has been discussed and reviewed with the company's principal bankers and has received a constructive and understanding response. The agreement reached should ensure adequate time and facilities to implement the recovery strategy," he adds.

To support and further develop the group's services to the offshore oil industry the directors are in the final stages of negotiations with British Shipbuilders to acquire VO Offshore, the UK consulting engineer specialising in exploitation systems based on floating the subsea production technology.

Turning to the current year, Sir John states that the trading environment remains generally difficult but in America there has been a useful recovery in orders for plastics machinery. In the North Sea there are some signs of an early revival in demand, as the new round of exploitation gets underway, and the group should benefit from this.

However, because of the long lead times in the group's business, these improvements are coming too late to have any significant impact on 1983/84 results.

Of the decision to withdraw from the machine tool industry, Sir John stresses that the way ahead for the company is to concentrate its efforts and resources in two principal areas—the construction and engineering sector and the manufacture of plastics machinery, together with developing technology companies.

This process of structural change unavoidably involves the "very substantial" provisions, with a consequent reduction in shareholders' funds. In consideration of agreement with the group's bankers security has been granted to them on certain of the company's assets.

Phased divestment to date has realised some £8m.

Since the company's last AGM shareholder's approval has been obtained to increase borrowing powers to £170m until October 14, 1985. Early in December the group's headquarters were moved to Paddington and this, together with a reduction of some 50 per cent in headquarters staff, will produce savings at an annual rate in excess of £700,000.

Major restructuring and cost reductions have been implemented at John Brown Engineering, at Markham, Craven Tasker and in the group's plastics and textiles businesses. These are expected to save some £5.5m in a full year.

Also at JBE, actions taken to reduce borrowings and inventory are beginning to bear fruit and the company is trading profitably despite difficult market conditions.

Of the group's corporate plan, Sir John says it is designed to deal first with the excessive debt burden and secondly to concentrate the company's future development and resources on a limited number of core business areas. The end result, he states, should be a group restored to financial viability and soundly based profitability.

Central problem areas are identified as interest far in excess of current or prospective earning powers support and the inclusion of major UK businesses from which adequate returns on investment will not be achieved in an acceptable time frame.

The reorganisation plan was formulated in five sections:

● Identification of core businesses which will together comprise a group with balanced operations having a favourable long-term future.
● A review of all other businesses in the group as candidates for divestment in whole or in part. This category represents the non-core businesses and includes low-return businesses.
● Identification of other assets available for disposal.
● A review of measures which should be taken to improve operating efficiency and cut costs.
● Consideration of policy on currency exposure.

The principal financial effects of this should produce "a substantial" reduction in the absolute level of borrowings, progressive improvement in the relationship between borrowings and shareholders' funds and the basis for a return to soundly-based profitability.

The proposal to give security on assets to the banks will cause breeches in the trust deeds of the 6¼ per cent debenture stock 1984-89 and 4¼ and 5¼ per cent unsecured loan stock 1998-2003.

Holders of these stocks will be asked to agree to the removal of certain provisions in these trust deeds which relate to the creation of secured indebtedness or which could inhibit disposals by the company which may be necessary as the recovery plan is implemented.

Detailed proposals will be posted to stockholders shortly. In consideration for agreeing to the necessary modifications to respective trust deeds they will be offered improvements in terms.

See Lex

### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: FAI Insurances, Harvey and Thompson, LDH.

Finals: Associated Fisheries, Kellock Trust, M and G Dual Trust, Prestige.

FUTURE DATES

Interims—

| | |
|---|---|
| Ewart New Northern | Feb 9 |
| Tottenham Hotspur | Feb 2 |

Finals—

| | |
|---|---|
| Lonrho | Feb 9 |
| Macpherson (Donald) | Feb 28 |
| National Westminster Bank | Mar 6 |
| Throgmorton Trust | Feb 7 |

# MINING NEWS

## Argyle diamond output well ahead of target

BY GEORGE MILLING-STANLEY

PRODUCTION FIGURES for the three months to December 1983 indicate that the Argyle Diamond Mines joint venture in the Kimberleys region of Western Australia has comfortably exceeded its planned output in the first year of operation.

The venture recovered a total of 1.99m carats of diamonds during the latest three months, well ahead of the 1.88m carats for the September quarter and the 1.65m carats in the three months to June.

This brings the total for the first year of commercial production to 6.2m carats, comfortably above the planned annual output of 5m carats.

Initial production from Argyle has come from alluvial gravels. Output is expected to rise to 25m carats a year when the venture brings its second stage into production.

This is equivalent to about half of current world output in volume terms, but will be of comparatively low value as the bulk of the material will be of the cheaper industrial grades.

The second stage involves the mining of the big AK1 kimberlite pipe. Construction work is expected to start soon, with the pipe coming into production early in 1986 at a cost of some A$475m (£305m).

The latest quarterly report from Argyle suggests that the ore treatment rate has reached a plateau, with 335,674 tonnes treated in the latest period. This is down slightly from the September quarter's 341,041 tonnes, but still in line with the projected daily rate of 4,000 tonnes of ore per day.

The cumulative total of diamonds recovered in 1983 was boosted by the inclusion of 45,588 carats produced before the start of commercial production on January 1. These stones were produced for evaluation purposes, but are no longer required for evaluation and have been included in current output.

The participants in the Argyle joint venture are CRA, the Australian arm of the Rio Tinto-Zinc group, with 56.8 per cent, Ashton Mining with 38.2 per cent and Northern Mining, which is now controlled by the government of Western Australia, with 5 per cent.

The Ashton Exploration joint venture, which has an identical ownership structure, reports that exploration continued in the Kimberleys region until the onset of the "wet," the rainy season, in early December. Nothing of significance was found.

## Benguet to reopen gold mine

A GOLD MINING property in the Philippines owned by La Suerte Gold Mines is to be brought back into production by Benguet Corporation, one of the country's biggest gold and copper producers.

The mine, in Panganiban, south-eastern Luzon Island, has been closed for several months. Benguet plans to rehabilitate underground workings previously prepared by La Suerte, de-water the mine and then resume production, reports Leo Gonzaga in Manila.

Ore reserves are estimated at 3.67m tonnes, giving the operation a life of some 20 years at the proposed treatment rate of 500 tonnes a day.

Annual production is put at 35,000 ounces of gold, 50,000 oz silver and 277 tonnes of copper concentrates.

Benguet already produces gold and silver at its own property in Acupan Benguet Province in northern Luzon.

In addition, the company has management contracts to produce copper concentrates within by-product gold and silver from Dizon Gold and Silver Mines in western Luzon and chromite from Consolidated Mines in the same area.

### MINING NEWS IN BRIEF

Canada's Denison Mines is to propose to shareholders at the annual meeting on February 17 a split of the company's capital into voting and participating "A" shares and non-voting and participating "B" shares. The move requires a two-thirds majority of the votes cast.

Mr Stephen B. Roman, Denison's chairman, said that the change would allow the company to raise additional capital to finance acquisitions and the expansion of existing operations by the issue of non-voting shares, without affecting the voting rights of existing shareholders.

He added that there were no plans at present to issue any further shares.

The move will double the number of Denison shares outstanding, thus making them available to a broader segment of the market, Mr Roman said.

* * *

The Rio Tinto-Zinc group's big Bougainville copper-gold operation in Papua New Guinea has increased its metal production slightly in the final quarter of 1983 in comparison with the same period of the year before.

Copper output was 42,780 tonnes, up from 42,101 tonnes, gold production rose to 4,175 kg from 4,032 kg and silver production was 10,977 kg against 10,943 kg. The increases reflect the additional milling capacity installed during 1982.

These figures brought the full-year total for 1983 to 183,191 tonnes of copper, up from 170,004 tonnes, 18,002 kg of gold against 17,529 kg, and 47,414 kg of silver compared with 43,153 kg.

* * *

Meekatharra Minerals of Australia is to raise A$1.5m (£962,000) through the sale to local institutions of 2m shares at 75 cents each. This represents some 13 per cent of the enlarged capitalisation, with the issue of 650,000 shares subject to approval by shareholders at an extraordinary meeting.

The funds will be used to provide additional working capital.

Meekatharra's main asset is a large deposit of coal in the Arckaringa Basin of South Australia.

* * *

The small Australian gold explorer Haoma North West has reported several encouraging gold intersections at its Mighty Splash prospect near Leonora in Western Australia. Four out of the five diamond drill holes encountered "significant" gold mineralisation.

The best intersections were one of 18 metres averaging 4.21 grammes of gold per tonne, and one of 16 metres averaging 2.77 grammes.

## Prieska pays out at last

AFTER having been in production since October 1972, the Anglovaal group's Prieska copper-zinc mine in South Africa's north-west Cape is declaring a first dividend.

It is of an interim payment of 10 cents (5.7p) for the year to June 30 and it comes near to the end of the mine's life which was last forecast for the second half of 1985.

Prieska was hailed as a rising star back in 1969 following the discovery of the ore deposit on which subsequent drilling indicated ore reserves of some 47m tonnes, grading 1.74 per cent copper and 3.87 per cent zinc.

It required about R60m (equal to £34m at today's exchange rate) to be brought to production. Originally, Anglovaal had a stake of 35.7 per cent, Middle Wits 34.2 per cent and U.S. Steel 30 per cent. This was later altered to the present set-up whereby Middle Wits and Anglovaal together hold 51 per cent and U.S. Steel 47 per cent.

## Brinco finances under strain

STILL losing money, the Canadian natural resource company, Brinco, in which Rio Tinto-Zinc has a beneficial interest of about 24 per cent, will not be going ahead with the redemption of 5 per cent of its outstanding Series "A" preferred shares due at the beginning of 1984.

Furthermore, Brinco says it is unlikely to be able to redeem any of the shares this year; redemption of all of them would have been due before October 17 if the company had been making profits. Meanwhile, discussions regarding the company's loans are continuing with its bankers.

Brinco expects that its loss for 1983 will be approximately C$5.4m (£3.1m) compared with a loss for the previous year of C$8.9m before extraordinary debits of C$19.8m. Because of the depressed markets for uranium and coal the final accounts for this year will also include write-offs and a reduction in asset values.

## IDC Group turns in £1.07m

Although turnover of IDC Group improved slightly from £41.72m to £41.77m in the 12 months ended October 31 1983, pre-tax profit fell from £1.11m to £1.07m. At halfway, taxable figures were some £51,000 lower at £460,148.

As stated at the interim stage, however, the order book is excellent and the present year should show a material improvement in profits.

A final dividend of 5.124p is declared making a total of 6.734p (6.122p). Earnings per 20p share are down 2.3p at 10.8p. Tax accounted for an extra £113,934 at £341,347.

## Bluemel to clear path for return to dividends

By Terry Garrett

IN A capital reorganisation completing the final step towards recovery, Bluemel Bros is clearing its accumulated losses to make way for dividend payments when profits start to flow again.

Shareholders are being called to an extraordinary meeting on February 23 to consider a write-down of part of the issued capital from 25p shares to 10p shares. That will have the effect of dropping the issued capital from £1.25m to £909,595. Together with a write-off of the share premium account of £51,227, accumulated losses on the balance sheet of nearly £430,000 will disappear.

A year ago, a rescue package was put together for Bluemel incorporating a hefty three-for-one rights issue and substantial management changes.

Last month, Mr Ronald Aitken, chairman, said that after the considerable reorganisation which had run up trading losses of £510,000 to £837,000 after extraordinary costs, the company was on its way back to a sound and profitable future.

Outside estimates suggest that Bluemel, which is now dependent on cycle accessories and industrial knobs and handles, could climb back above breakeven for the current year ending September.

## IDS-Gartmore venture stays as competitor

The president of the American Express Company said yesterday that it will not dissolve the London-based joint venture of IDS Advisory-Gartmore International as the result of the recent formation of American Express Asset Management Holdings.

On January 12, American Express completed the acquisition of Investors Diversified Services, which includes the IDS Advisory Group and its interest in the joint venture with Gartmore Investment Management. Subsequently, American Express announced the formation of American Express Asset Management Holdings and this lead to reports that the joint venture would be terminated.

Mr Sanford Weill, president of American Express, said there was no intention of ending the joint venture. "It was one of the leading international money managers in 1983, posting a return of 39.7 per cent. We're fully committed to allowing IDS-Gartmore to build on this record of success," he stated.

Mr Bruce Lueck, president of IDS Advisory Group, said American Express has traditionally encouraged competition among its money management subsidiaries. "Our international operation is a strong performer and is up to the challenge," he claims.

### BIDS AND DEALS IN BRIEF

#### Glynwed Intl.

Glynwed International has acquired the whole of the issued capital of Longmore Brothers, a subsidiary of L.C.P. Holdings.

Based in Darlaston, West Midlands, Longmore Brothers manufactures and processes bright drawn steel bars and steel tubes, and employs 106 people. Its business complements the existing successful steel interests which Glynwed has through a UK subsidiary, Glynwed Steels, and it is believed that the acquired business will be substantially enhanced by the commercial and management strengths of Glynwed Steels.

The consideration for the purchase is an immediate cash payment of £1.8m, and a deferred cash payment of £600,000 in 12 months' time in respect of the properties associated with the business.

The balance sheet value of the assets disposed of is £2.9m.

* * *

London and Midland Industrials has purchased a further 275,000 ordinary shares in Benford Concrete and now holds 6,652,700 ordinary (approximately 29.99 per cent).

* * *

Seaforth Investments has sold its entire holding of 510,000 (15.9 per cent) ordinary shares in Atkins Brothers (Hosiery).

* * *

As a result of a further purchase of 42,000 ordinary shares on January 30, William Prym-Werke KG now holds 721,000 ordinary shares (1?9 per cent) in Aero Needles Group, and approximately 14.99 per cent of total voting rights.

* * *

Mountleigh Group has acquired a former brewery at Castlegate, Malton, North Yorkshire, from J. W. Cameron and Co., and is developing a £2m 20,000 sq ft supermarket which has been prelet to Amos Hinton and Sons.

* * *

Western Galvanisers (WGL), a wholly-owned subsidiary of Ash & Lacy is to acquire the galvanising plant and stock of Painter Brothers, which is a wholly-owned subsidiary of Balfour Beatty (BBL), a BICC company.

WGL will buy the assets of which the value is approximately £850,000, and BBL will then buy 25 per cent of the capital of WGL. Ash & Lacy and Balfour Beatty will provide the finance for WGL on a 75/25 per cent basis. The net cost to A&L (and the total net consideration passing to the BICC group) will be approximately £638,000 payable in cash on completion.

## COMPANY NOTICES



## CLUBS



## CLUBS



# UK COMPANY NEWS

## Widney back in the black — capital reorganisation

AGAINST generally tight and difficult trading conditions, Widney, a maker and supplier of proprietary products to the electronic and transport industries, has returned to profitability for the first time in four years.

The company is also proposing a capital reorganisation, involving the cancellation of the share premium account and a reduction of its share capital.

For the 12 months to September 30 1983, Widney made pretax profits of £129,917, against losses of £319,650 previously, on turnover up 12 per cent from £4.38m to £4.91m.

There was again no tax, but after extraordinary charges of £124,389 (£31,848 credits) shareholders' funds rose by only £5,528 (reduced by £287,802). The bulk of the extraordinary items related to the cost of disposing of onerous leases on surplus property — in particular the Bagot Street site. The resolution of these problems however, has relieved the company of a substantial drain of resources.

Earnings per 10p share came out at 1.5p, compared with a 4.4p loss.

The directors say strict financial controls have meant it has been possible to finance the increase in turnover without any increase in working capital. Expenditure on plant and equipment, however, has been maintained at a higher level and the results are beginning to show through in increased capacity and improved quality.

They add that it is not possible to say that the current order book is as full as they would wish.

The forward position of windows to the transport industry is satisfactory and the market for electronic enclosures remains active. Substantial progress has been achieved in reorganising and controlling more closely production in both factories and they expect to see the benefits flow through during the year, leading to further steady progress. No major upturn in activity is anticipated.

Referring to the capital reorganisation, the directors say it is proposed to reduce the share capital from £1.15m—divided into 250,000 7 per cent cumulative preference £1 shares and 9m ordinary shares of 10p each — to £610,000 — divided into the same number of preference shares and 9m ordinary shares of 4p each. The directors explain that this will not reduce the ordinary holders' share in the company's assets.

As a result of the reorganisation, accumulated losses for 1983 amounting to £544,762 will be reduced by £533,993, being the aggregate amount written off share capital and share premium account.

## Cantors maintains progress at midway

Cantors, the household furnishing retail group, has increased its pretax profit 50 per cent at the half-way stage.

For the six months ended October 29 1983, there was a pretax profit of £208,000, compared with £104,000 for the corresponding period, on turnover that increased only £305,000 to £10.27m. Tax was £16,000 (£1,000).

The interest charge was down £65,000 at £76,000 and depreciation costs were also slightly lower at £183,000 (£185,000).

In his report, Mr C. Cantor, chairman, states that it is too early to forecast the results for the year, but the board has declared an interim dividend of 0.5p (nil). Earnings per share rose from 1.47p to 2.79p.

For the last full year the group made a pre-tax profit of £812,000 and paid a final dividend of 1.5p.

## Increased bonus rates from Standard Life

Standard Life Assurance Company, Scotland's biggest life company, is making substantial increases in its 1983 reversionary bonus rates applicable to its group pension pure endowment contracts. The rate rises by 75p to £7.50 per cent compound on its Stanplan 312, AVC scheme and other similar schemes.

The additional bonus paid when a member retires rises from 5 per cent of attaching bonuses to 30 per cent after five years, 45 per cent after 10 years' service, and on to a maximum of 65 per cent.

But on individual life and individual pension contracts the reversionary bonus rates for 1983 are kept at the previous year's levels, but with substantial improvements in terminal bonus rates.

Therefore, on life contracts the reversionary bonus rate remains at £4.75 per cent of the sum assured and £6 per cent of attaching bonuses.

Reversionary bonus rate on both annual and single premium personal policies and executive pension plans is £6.75 per cent of the basic benefit and attaching bonuses. The bonus growth rate for the Pension With Profit fund remains at 9 per cent per annum.

Terminal bonus rate for these polices, providing they have been in force at least three years, will be 10 per cent of attaching bonuses. For policies 10 years in force, the rate will be 50 per cent of attaching bonuses on annual premium contracts and 35 per cent for single premium policies, rising by 1 per cent for each further year in force up to a maximum of 65 per cent for annual premium contracts.

Canada Life Assurance Company is making substantial increases to its terminal bonuses, together with small adjustments in its revisionary rates.

The company is strengthening its reversionary bonus scales to reflect the improved mortality experience. This has resulted in minimal rises for the younger entry ages, but significant increases at the older ages.

Terminal bonus rate for 1984 will be 1½ per cent for each complete year in force up to a maximum of 50 per cent, compared with the 1983 rate of 1 per cent each year with a maximum of 45 per cent.

## Winding up orders against 106 companies

COMPULSORY winding-up orders against 106 companies were made by Mr Justice Mervyn Davies in the High Court. They were:

Anglomoss, Rexon Business Machines (UK), Powertrade, Megafoam, Forkvale.

Bromley Technical Services, Litalite, Olde England Upholstery Company, D.E.S. Realisations 1982.

Abnorth, Jett Interiors, Manchester House Furnishers, David E. Sykes (Insurance Brokers), Fab Fashions, D.A.W. Security Consultants.

Lockcord, Steadmead, J. W. F. Maw, Hodgson Construction (Carmarthen), Aquaria.

Graham Leisure, Manacoe Associates, Peter Brown (Automobiles), Twdyll Launderette, A. G. Ainge Developments, Stegold.

Video Vision Film Libraries, Pregrade, Keenmount, A & D (Realisations), Link House Investments, Link Homes.

Ifield Transport (Sussex), Max Marine, Rumpine, Caterquiper (Midlands), Zora International Company, Andle.

K. Ridgway Plastering Contractors (Stockport), P. McGahan (Plant Hire), Project Insulations, Sandfield Laboratory Servicing, William Daws.

Tabansi Records and Music Publishing, Krylix Designs, Pricefighter, Track 2 Blue Pages, Barhome.

DBL (Computers), Ideal Boilers, Exchange Compressors, Carlton Lodge Garages, Abbey and Lyndon, Claredale Shippings.

Energy Engineering Company, K.J.M. Steel Fabrications Company, Creaseys Office Furniture, J. Lydon (Plant Hire), Terence Turner (Builders).

Twenty Fifty Consultants, Twenty Fifty Auto Systems, The Portable Porter (Sales), Wainhouse Timber.

R. M. Contracts, Lockborder, P. F. Rugby, Gwent Roadways, H P C Group.

Reginald Clayton, Thomas Paton, Mulliner Coachworks, Trumend, Allan Sanderson (Haulage), Danny Fashions.

Steven Trophies (ONYX), Papermoon Art & Design, Focusbirch, Gallithorn, Maskrose Motors.

Tenaius, Wilkinson Stokes Contracts, Fletcher & Hine Scrap Metal, Pearldew.

Milton Keynes Precision Engineering, City-Man Clothing Centre, Domastile, Beam Television, Design Markings.

Swift Shipping, Waydun Engineering, Joseph Shirts, Congress Enterprises, M & D Hydraulics (Hose Assemblies).

Paperback Binders (Oxford), Magic Brush, TMT Productions, A. E. Watson (Exeter), Millco, Discount Domestics, Peninsular Exhibitions.

Droiteau (Builders), H. & H. Home Improvements, West Midlands Heating & Pipework, F. W. Noyce and Son, Antilla, Prime Metal Trading.

# APPOINTMENTS

## Board changes at Cable and Wireless

CABLE AND WIRELESS has made the following board changes: Mr Alan Wheatley, a senior partner in Price Waterhouse and a board member since 1981, has become non-executive deputy chairman. Sir Peter Carey, former Permanent Secretary at the Department of Industry, has become a Government-appointed non-executive director. Sir Patrick Meaney is resigning as a non-executive director in order to concentrate on other business responsibilities.

★

Sir Richard Bailey, chairman of Royal Doulton Tableware, has been appointed deputy chairman of CENTRAL INDEPENDENT TELEVISION'S West Midlands regional board. Sir Richard has been a member of the regional board since its inception in November 1981.

★

BRITISH RAIL Western Region is to have a new chief operating manager. He is Mr Bob Poynter, who returns to Paddington after a spell on Southern Region as head of its South-East division. Mr Poynter takes over from Mr Peter Barlow who has moved to British Railways Board to assist the Inter-City director.

★

Mr Nicholas Horsley, chairman of Northern Foods, was re-elected president of the DAIRY TRADE FEDERATION at the annual meeting. The vice presidents, Mr Chris Ball, managing director of Unigate Dairy Holdings, and Mr Jim McMichael-Phillips, general manager of the Co-Operative Wholesale Society's Milk Group, were also re-elected.

★

BRITISH RAILWAYS BOARD states that Mr David John Coates of Peat Marwick Mitchell and Co. has been appointed, on secondment, as chief internal auditor at board headquarters. He succeeds Mr John Mayfield, who has become finance director at the British Rail Property Board.

★

Mr Harry Jarvis has joined ROYLE CITY, the financial printing subsidiary of The Royle Group.

★

Mr W. H. J. Bitchens has been appointed to the board of NORMAN FRIZZELL UNDERWRITING.

★

Mr Jonathan Key, chief executive of the Horstmann Gear Group, has become a non-executive director of BOURNE STEEL.

★

Mr Keith M. Herring has been appointed a director of WILLIAM WATTS, a subsidiary of Aurora. He will have special responsibility for the sales of Erfurt metalforming machines and grinding machines. Mr Herring was formerly a director of W. E. Norton (Machine Tools) and a director of Erfurt Machinery.

★

THE INDUSTRY AND PARLIAMENT TRUST has appointed a new director to succeed Mr Alan Eden-Green who retires at the annual meeting on February 15. He is Mr Alec Maisner, who has worked with the Trust in his capacity as personnel executive with Reed International, one of the Trust's member companies.

★

EUROPLAS has appointed Mr W. D. T. (Don) Tapley as a non-executive director. He has been deputy managing director of BTR since 1975 and also holds the post of chairman of BTR's European region. Following his retirement on May 31, Mr Tapley will continue as a director of BTR in a non-executive capacity.

★

Following the announcement that the offers by Slough Estates to acquire the whole of the issued ordinary share capital of Allnatt London Properties and Guildhall Properties have gone unconditional Mr L. H. Smith, chairman of Allnatt and Guildhall, has joined the board of SLOUGH ESTATES.

★

Mr Thomas Weatherby has been appointed to the board of WHITECROFT as a non-executive director. Chief executive of Readson, a private Manchester-based group, he is also on the boards of Chamberlain Phipps and Simon Engineering.

★

Mrs Ruth Hill has been appointed a director of G. W. HUTTON & CO. (UNDERWRITING AGENCY).

★

Mr Brian Carre and Mr Barry Aiken have been appointed directors of MEMOREX UK. Mr Carre continues to have responsibility for all aspects of customer service. Mr Aiken has responsibility for personnel and training.

★

Mr Michael Hamer has joined the boards of WARDLEY LONDON HOLDINGS LIMITED and WARDLEY LONDON LIMITED. Mr Hamer will be in charge of Wardley London's corporate finance department. Mr Andrew Skinner has been appointed to the board of Wardley London Limited. Mr Skinner is also a director in the corporate finance department. Mr Rufus A. Gilday recently joined the board of Wardley London Limited. Mr Gilday is in charge of Wardley London's capital markets department. Wardley London Limited is the London merchant banking subsidiary of the Hongkong and Shanghai Banking Corp.







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Wednesday February 1 1984

ØØ

New-issue activity brisk for Eurodollar bonds, Page 34

## WALL STREET

# Indicators instil note of calm

A DEPRESSED air continued to surround Wall Street yesterday although the pace of selling was considerably reduced, *writes Terry Byland in New York.*

A modest rise of 0.6 per cent in the Commerce Department's index of leading economic indicators – following a small fall for November – calmed some of the market's nervousness over the slowdown in the economy.

Some selling of leading stocks persisted, however, with the pension funds and other major investment institutions continuing to unload blocks of corporate securities.

Early selling saw the market down by around 5 points on the Dow Jones scale. Prices rallied as selling died away and there were a couple of attempts to move ahead before the final hour of trading saw prices weaken again. The Dow Jones industrial average ended 0.95 points down at 1220.58, the turnover remaining high at 113.8m shares. The transportation average regained 2½ points of the fall of the previous session.

The bond market remained subdued ahead of today's expected announcement of a $15bn funding programme by the Treasury. There was activity in the money markets as accounts were squared ahead of what is expected to be a difficult trading period.

Meanwhile, markets were keenly aware of the meeting of the Fed's Open Market Committee, although no immediate change in credit policies was expected.

The Fed helped the market again with $1.5bn in customer repurchase arrangements, when the Federal funds rate stood at 9⅜ per cent. The day began with a round of losses among stock market leaders which in some cases recovered towards midsession.

IBM hovered around its overnight level, before edging up by $⅝ to $114½. Digital Equipment, however, shed $1¼ to $86⅞, and Texas Instruments at $129¼ was $¼ off.

A weak spot among the technology issues was National Semiconductor, $1 down at $14¾ in heavy turnover after reports of an impending indictment on charges of supplying substandard microchips to the U.S. military forces.

In the personal computer sector, Commodore International made a delayed start after reports of executive resignations and of postponement of its latest model. Later, Commodore traded $6¼ off at $35¾, ahead of a board statement.

Texaco continued to figure in the active list, shedding $¼ to $39¾ as investors waited for the completion of the Getty purchase. Other oil stocks remained firm, helped by suggestions that the cold winter weather in the U.S. might provide a further spur to oil prices.

The prospects of higher crude oil prices took its toll, however, on some stocks in the airlines, for whom oil prices are a major cost factor. Delta was $¼ off at $39¼ and Northwest Air was down $⅛ at $43¾. But UAL (United) finished up $⅞ at $36½. AMR (American) remained unchanged at $34½.

Rail stocks too eased back as analysts weighed the effects on profits of the slower rate of U.S. economic growth. At $49⅝, Union Pacific lost $⅝ but Burlington Northern gained $1 to $94¼, more than 7 per cent off its 12-month high.

Motor issues, with results not due for some weeks, shaded lower, General Motors losing $1⅜ to $72½ and Ford $⅝ down at $41.

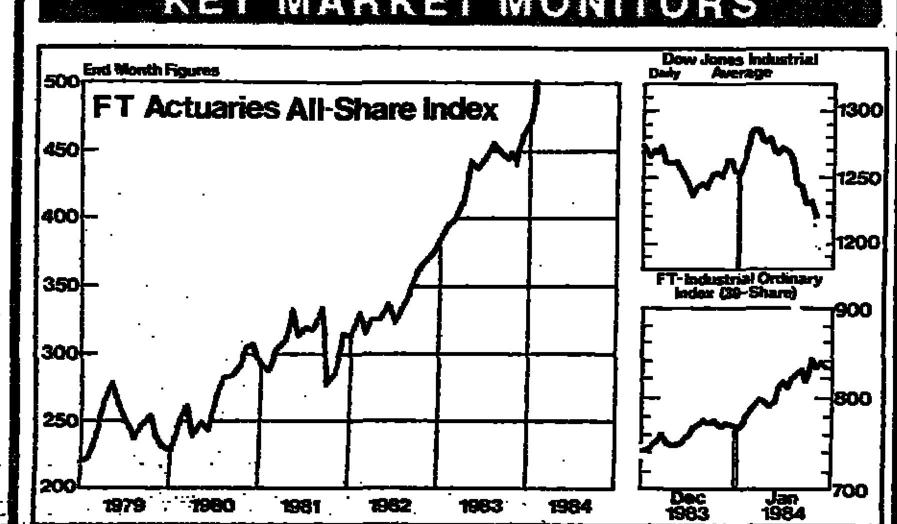
On the American Stock Exchange, energy issues had another busy session. Petro Lewis, still awaiting bid developments, shed $⅛ to $8½, while Dorchester Gas at $21¾, gained $¼.

In the credit market, most of the business was at the short end. Treasury bills steadied at the lower yields recorded at Monday's bill auction. Three-month bills traded at a 8.90 per cent discount and six-month at 8.98 per cent.

Federal bonds of duration similar to those likely to be sold in next month's round of funding traded at yields of 10.63 per cent on two-year issues, and 11.64 per cent on ten-year issues.

The key 30-year bond traded at 102⅓₂ down ⅜₂ on overnight and yielding 11.75 per cent.

## KEY MARKET MONITORS




| STOCK MARKET INDICES | | | |
|---|---|---|---|
| **NEW YORK** | Jan 31 | Previous | Year ago |
| DJ Industrials | 1220.58 | 1221.52 | 1075.70 |
| DJ Transport | 554.69 | 552.18 | 463.55 |
| DJ Utilities | 132.76 | 132.71 | 124.40 |
| S&P Composite | 163.42 | 162.87 | 145.30 |
| **LONDON** | | | |
| FT Ind Ord | 831.40 | 832.20 | 628.40 |
| FT-A All-share | 501.36 | 504.11 | 396.17 |
| FT-A 500 | 535.61 | 538.41 | 426.04 |
| FT-A Ind | 486.89 | 489.65 | 403.10 |
| FT Gold mines | 543.80 | 534.30 | 699.00 |
| FT Govt secs | 83.02 | 83.08 | 77.23 |
| **TOKYO** | | | |
| Nikkei-Dow | 10,196.10 | 10,235.73 | 8103.47 |
| Tokyo SE | 777.04 | 777.96 | 588.35 |
| **AUSTRALIA** | | | |
| All Ord. | 765.90 | 765.70 | 536.60 |
| Metals & Mins. | 520.50 | 517.30 | 488.20 |
| **AUSTRIA** | | | |
| Credit Aktien | 55.62 | 55.68 | 49.32 |
| **BELGIUM** | | | |
| Belgian SE | 148.02 | 147.76 | 104.81 |
| **CANADA** | | | |
| Toronto Composite | 2468.80 | 2480.01 | 2031.40 |
| Montreal Industrials | 428.75 | 429.41 | 347.31 |
| Combined | 414.28 | 416.12 | 332.31 |
| **DENMARK** | | | |
| Copenhagen SE | n/a | 147.76 | 103.57 |
| **FRANCE** | | | |
| CAC Gen | 170.40 | 172.00 | 104.60 |
| Ind. Tendance | 110.80 | 113.40 | 64.60 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 365.14 | 366.01 | 250.70 |
| Commerzbank | 1079.60 | 1082.80 | 756.10 |
| **HONG KONG** | | | |
| Hang Seng | 1102.38 | 1097.63 | 887.04 |
| **ITALY** | | | |
| Banca Comm. | 225.41 | 223.07 | 184.86 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 176.60 | 177.90 | 106.00 |
| ANP-CBS Ind | 145.40 | 145.30 | 91.50 |
| **NORWAY** | | | |
| Oslo SE | 247.62 | 247.53 | 127.50 |
| **SINGAPORE** | | | |
| Straits Times | 1071.01 | 1063.88 | 777.59 |
| **SOUTH AFRICA** | | | |
| Golds | 829.50 | 808.20 | 1068.80 |
| Industrials | 967.70 | 965.10 | 820.10 |
| **SPAIN** | | | |
| Madrid SE | 109.19 | 109.32 | 86.12 |
| **SWEDEN** | | | |
| J & P | 1552.88 | 1560.39 | 1034.70 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 379.30 | 380.70 | 299.50 |
| **WORLD** | Jan 30 | Prev | Year ago |
| Capital Int'l | 184.90 | 185.20 | 157.60 |

| GOLD (per ounce) | Jan 31 | Prev |
|---|---|---|
| London | $373.125 | $369.875 |
| Frankfurt | $373.75 | $370.00 |
| Zürich | $373.50 | $370.25 |
| Paris (fixing) | $372.46 | $369.93 |
| Luxembourg (fixing) | $372.00 | $369.00 |
| New York (Feb) | $373.80 | $370.20 |

* Latest available figure

| CURRENCIES | U.S. DOLLAR | | STERLING | |
|---|---|---|---|---|
| (London) | Jan 31 | Previous | Jan 31 | Previous |
| $ | 1.404 | – | 1.4015 | 1.4080 |
| DM | 2.8105 | 2.8110 | 3.95 | 3.96 |
| Yen | 234.6 | 234.55 | 329.25 | 330.50 |
| FFr | 8.5985 | 8.5975 | 12.0750 | 12.1025 |
| SwFr | 2.246 | 2.2410 | 3.15 | 3.1575 |
| Guilder | 3.1735 | 3.1640 | 4.45 | 4.4575 |
| Lira | 1716 | 1713 | 2404.50 | 2411.50 |
| BFr | 57.59 | 57.43 | 80.70 | 80.85 |
| C$ | 1.249250 | 1.248250 | 1.7505 | 1.7575 |

| INTEREST RATES | Jan 31 | Prev |
|---|---|---|
| **Euro-currencies** (offered rate) | | |
| £ | 9 7/16 | 9⅝ |
| SwFr | 3⅝ | 3⅝ |
| DM | 5 11/16 | 6 |
| FFr | 13¼ | 13⅜ |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month U.S.$ | 9⅝ | 9⅝ |
| 6-month U.S.$ | 10 | 10 |
| **U.S. Fed Funds** | 9 5/16 | 9⅜ |
| **U.S. 3-month CDs** | 9.30 | 9.30 |
| **U.S. 3-month T-bills** | 8.90 | 8.8750 |

| U.S. BONDS | Jan 31* | | Prev | |
|---|---|---|---|---|
| **Treasury** | Price | Yield | Price | Yield |
| 10¾ 1985 | 100 5/32 | 10.55 | 100 3/32 | 10.57 |
| 11¾ 1991 | 101⅛ | 11.33 | 101⅜ | 11.53 |
| 11.75 1993 | 100 5/32 | 11.63 | 100 1/32 | 11.63 |
| 12 2013 | 102⅝ | 11.74 | 102⅞ | 11.73 |
| **Corporate** | Jan 31* | | Prev | |
| AT & T | Price | Yield | Price | Yield |
| 10⅜ June 1990 | 93½ | 11.80 | 93¾ | 11.80 |
| 3⅞ July 1990 | 68¾ | 10.75 | 68¾ | 10.75 |
| 8¾ May 2000 | 75⅜ | 12.20 | 75⅜ | 12.20 |
| Xerox | | | | |
| 10⅞ March 1993 | 92½ | 12.00 | 92½ | 12.00 |
| Diamond Shamrock | | | | |
| 10⅞ May 1993 | 91⅜ | 12.10 | 91⅜ | 12.10 |
| Federated Dept Stores | | | | |
| 10⅞ May 2013 | 86 | 12.40 | 86 | 12.40 |
| Abbot Lab | | | | |
| 11.80 Feb 2013 | 95⅛ | 12.40 | 95⅛ | 12.40 |
| Alcoa | | | | |
| 12½ Dec 2012 | 96 | 12.80 | 96 | 12.80 |

| FINANCIAL FUTURES | | | | |
|---|---|---|---|---|
| **CHICAGO** | Latest | High | Low | Prev |
| **U.S. Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| March | 70-26 | 71-00 | 70-23 | 70-29 |
| **U.S. Treasury Bills (IMM)** $1m points of 100% | | | | |
| March | 91.05 | 91.07 | 91.03 | 91.05 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| March | 90.43 | 90.46 | 90.42 | 90.44 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| March | 90.24 | 90.29 | 90.24 | 90.30 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| March | 108-28 | 109-05 | 108-27 | 109-05 |

| COMMODITIES | | |
|---|---|---|
| (London) | Jan. 30 | Prev |
| Silver (spot fixing) | 600.65p | 599.05p |
| Copper (cash) | £993.00 | £967.75 |
| Coffee (March) | £2088.50 | £2082.50 |
| Oil (spot Arabian light) | $28.60 | $28.65 |

## LONDON

# Weak start reversed

EQUITIES displayed commendable resilience in London yesterday, staging a progressive recovery from early weakness, but this was insufficient to prevent a decline in the FT Industrial Ordinary index which closed 0.8 lower at 831.40.

Buyers appeared before and after the latest Confederation of British Industry economic survey. Engineerings led the late rally.

Gilt-edged securities lost Monday's brighter trend amid revived apprehensions over the U.S. bond market, where values turned sharply downward overnight on concern about the federal budget deficit and Treasury funding. British funds, however, eased only marginally and selected high-coupon longs closed above the session's lowest.

*Details, Page 27; Share Information Service Pages 28-29*

## HONG KONG

THE EVIDENCE provided late on Monday of an upturn in Hong Kong's battered property market helped provide the Hang Seng index with a precarious foothold once more on the 1,100 plateau after six months, settling 4.75 up at 1,102.38.

Profits were also being taken in heavy two-way dealings ahead of the Chinese new year break from tomorrow as institutions strove for a safe equilibrium at which to leave their holdings.

Among the day's better gains were 27 cents for Overseas Trust Bank at HK$3.77, 30 cents in Cheung Kong at HK$13.50 and 15 cents by Hongkong Electric at HK$6.50. But Bank of East Asia, out of favour, shed 40 cents at HK$22.40.

## SINGAPORE

PROFIT-TAKING continued to make itself felt amid Singapore buying support, and it was only a handful of gains by constituents of the Straits Times industrial index which allowed it a rise of 7.13 to a peak 1,071.01.

Supreme Corporation, volume leader for the second day, added 2 cents to S$2.20, but Cerebos, also active, slid 15 cents to S$2.81.

## AUSTRALIA

RESOURCE issues returned to Sydney trading in somewhat better form after the Australia Day weekend, helped by higher metal values and interest in a progress report due from the Turtle One offshore well.

Western Mining, the leading partner, held steady in Sydney at A$4.25 but caught up 4 cents in Melbourne to A$4.26. But of the smaller stakeholders Home Energy dropped 15 cents to A$1.50.

Industrials generally weakened, and among the banks Westpac and ANZ each slipped 2 cents to A$3.98 and A$5.48 respectively.

## SOUTH AFRICA

A RECOVERY in gold shares encouraged other sectors in Johannesburg as the bullion price remained above $370.

Anglo-American Gold consolidated recent gains with a further R2.30 rise to R135.30, while Barlow Rand firmed 30 cents to R13.50 in a generally firmer industrial sector.

Losses for the day included AE & CI in chemicals, 5 cents weaker at R8.60, and Rembrandt, the tobacco group, 25 cents off at R22.50.

## CANADA

SIGNIFICANT gains in Toronto gold shares did little to offset marked, but less dramatic, falls elsewhere in base metals and hydrocarbon-related issues.

The declines were more uniform in Montreal, with papers and utilities leading the retreat as industrials and banks attempted an initially fruitless rally. This came amid reports of a 0.2 per cent fall in November gross domestic product to C$120bn.

## TOKYO

# Week-long advance on the wane

LIGHT SELLING, prompted by an overnight Wall Street dip, hit blue chip stocks in Tokyo yesterday to drive prices lower for the first time in six sessions, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average shed 39.63 to 10,196.10 on volume of 273.02m shares, down from Monday's 295.10m. Falls outpaced advances 406 to 319, with 158 issues unchanged.

Blue chips had been in favour as investors expected non-residents to move into the market in force, encouraged by the intention of President Ronald Reagan to seek a second term. As it turned out, however, Wall Street suffered a setback, sending Sony and other international populars lower in Tokyo.

Sony plunged Y150 at one stage, but rebounded slightly later to close Y50 down at Y3,950. The issue had regained the Y4,000 level the previous day for the first time in 13 months. Other blue chips also lost strength in early trading, with Matsushita Electric Industrial falling Y40 to Y1,950 and Canon Y20 to Y1,570.

But in late transactions high-priced blue chips attracted buying orders; TDK climbed Y430 to Y7,070 and Kyocera Y50 to Y10,900.

In the absence of fresh incentives in the market, the selling of these issues reflected a move by investors to seek short-term profit by selecting stocks which tend to move sharply.

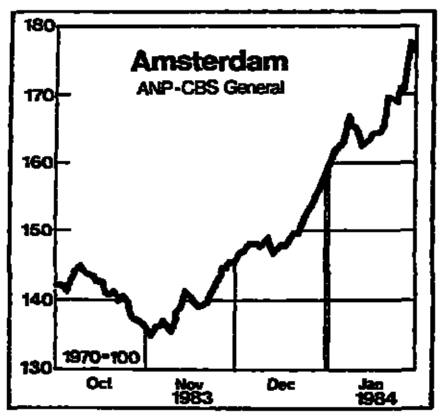
Among other populars were pharmaceutical makers, which had been out of favour because of concern that the companies would have to slash drug prices in the spring. Banyu Pharmaceutical scored a maximum allowable gain of Y109 to Y1,100 and Shinogi improved Y21 to Y750.

Nitsuko, an NEC-affiliated communications equipment maker, leaped Y330 to Y4,340 on an appreciation of its good business performance. Osaki Electric registered a maximum allowable rise of Y80 to Y500.

However, large-capital steelmakers, electric power utilities gas companies and non-ferrous metal stocks lost ground.

Bond prices, which had remained virtually unchanged for weeks, declined initially on selling of Y10bn worth of long-term government bonds by an agriculture and forestry-related financial institution.

The yield on the barometer 7.5 per cent government bonds, due in January 1993, rose steeply to 7.44 per cent from the previous day's 7.415 per cent, but fell back later to close at 7.43 per cent.




## EUROPE

# Letdown leads to selling

DISAPPOINTMENT was evident on the European bourses yesterday that Wall Street stock investors had not accorded President Ronald Reagan's candidacy and last week's U.S. money supply contraction even a token cheer, and investors took this as an opportunity to reap some of the profits which had been accruing on paper during the record New Year run-up.

The background tone remained distinctly positive, though, and in each centre a good crop of gains was to be found.

Another indication of underlying strength was a moderation in trading volume from the preceding sessions which had held many indices at peak levels.

The **Amsterdam** profit-takers turned their attention most to the banks, which were to the fore in Monday's advance. ABN at Fl 439 had Fl 6 of that day's Fl 10 gain removed while Amro lost Fl 1.40 of its Fl 1.70 advance at Fl 80.60.

Among those industrials to defy the trend was brewer Heineken with a Fl 4.70 rise to Fl 153.20, and the ANP-CBS general index settled 1.3 lower at its midsession calculation at 176.6. Domestic bonds eased.

Banks were also trimmed back in **Frankfurt**, with BHF at DM 302 relinquishing DM 2 of a DM 4 advance on Monday – ahead of announcing a one-for-seven rights issue at DM 190.

Electricals drew heart from a bullish outlook by Siemens, which put on DM 4 to DM 391.

A steady bond market amid a new state issue allowed the Bundesbank to sell DM 700,000 in paper.

Most **Milan** quoted banks continued strongly upward, however, on expectations of capital increases to follow that of Credito Italiano, which itself slipped L20 to L4,850 after rising L520 on Monday. Banca Commerciale soared L2,480 to L39,480, Mediobanca L1,410 to L66,910 and Interbanca L105 to L21,995.

Olivetti featured dull industrials with a L135 rise to L4,310. Domestic bonds held firm.

A late **Zurich** rally was not enough to prevent a mixed to lower result. Nestlé shed SwFr 40 to SwFr 4,910 ahead of reporting a "satisfactory" 1983, while Sandoz managed a SwFr 50 rise to SwFr 7,200 against the chemicals' trend. Bonds were mixed too.

A three-quarter point jump in **Paris** call money to 12½ per cent was an additional depressant, and widespread losses included FFr 36 for Bouygues in constructions at FFr 782 and FFr 30 for Perrier at FFr 516.

Heavy **Brussels** dealings in Petrofina followed the oil concern's strong results and plan for a one-for-10 scrip; it reached the BFr 7,000 level with a BFr 100 rise. Movements elsewhere were muted.

A mixed to lower **Stockholm** showed Alfa-Laval off SKr 10 to SKr 295 but Astra up the same amount at SKr 580.

**Madrid** was steady but sluggish.

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 18⅝ | 9⅛ | AAR | .44 | 2.5 | 22 | 1246 | 18 | 17⅞ | 17⅞ | +⅛ |
| 52¼ | 30½ | ACF | 1.40 | 3.1 | 217 | 567 | 45⅝ | 45¼ | 45⅝ | -⅛ |
| 22 | 18¼ | AMCA | n | | | 16 | 20¼ | 20 | 20 | -½ |
| 18⅝ | 14¼ | AMF | .50 | 3.1 | | 193 | 16⅛ | 15⅞ | 16 | |
| 41⅛ | 20⅝ | AMR Cp. | | | 15 | 7881 | 35⅛ | 33⅞ | 34½ | |
| 19⅞ | 16½ | AMR | pf2.18 | 11 | | 216 | 19¾ | 19½ | 19¾ | +⅛ |
| 41½ | 24⅝ | AMR | pf2.13 | 6.0 | | 140 | 35¾ | 34⅞ | 35⅛ | -⅛ |
| 26¾ | 23⅞ | ANR | pf2.67 | 11 | | 7 | 24¼ | 24½ | 24½ | -¼ |
| 55¼ | 34¼ | ARA | 2.05 | 4.1 | 11 | 354 | 50¼ | 49⅞ | 50 | +¼ |
| 78¼ | 50¼ | ASA | 3a | 5.2 | | 708 | 57⅛ | 56¼ | 57½ | +1⅝ |
| 33¼ | 14⅝ | AVX | s .32 | 1.3 | 36 | 289 | 24 | 22¾ | 24 | +⅞ |
| 53¾ | 36⅝ | AbtLab | 1 | 2.2 | 16 | 906 | 44⅞ | 43⅝ | 44½ | +⅞ |
| 30¼ | 23¼ | AccoW | n .60 | 2.2 | 19 | 98 | 28½ | 27¼ | 27¾ | -1 |
| 27½ | 17⅛ | AcmeC | .40 | 1.6 | | 73 | 25⅝ | 24¼ | 24⅝ | -1 |
| 14⅞ | 8½ | AcmeE | .32b | 2.5 | 61 | 431 | 13⅛ | 13 | 13 | -⅛ |
| 24⅝ | 8⅝ | AdmDg | .04 | .3 | 10 | 121 | 13⅝ | 12¾ | 13¼ | -⅝ |
| 18¼ | 15 | AdaEx | 2.11e | 13. | | 60 | 16⅝ | 16⅛ | 16½ | +¼ |
| 19¾ | 7¼ | AdmMl | .24 | 1.4 | 8 | 8 | 17 | 16⅞ | 16⅞ | |
| 18⅝ | 9¼ | Advest | .12 | 1.1 | 10 | 90 | 11⅛ | 10⅞ | 10⅞ | -¼ |
| 37½ | 15½ | AMD | s | | 35 | 5240 | 29¾ | 28¼ | 28⅝ | -⅝ |
| 24⅝ | 13⅞ | Aerflx | s | | 15 | 49 | 15⅛ | 15 | 15 | -⅛ |
| 43½ | 32⅝ | AetnLf | 2.64 | 7.3 | 9 | 1792 | 36⅝ | 35¾ | 36 | |
| 65 | 55¼ | AetL | pf5.09e | 9.0 | | 200 | 56¾ | 56⅛ | 56¾ | -⅛ |
| 40½ | 24 | Ahmns | 1.20 | 3.7 | 9 | 130 | 32½ | 32 | 32⅛ | -½ |
| 7⅞ | 3 | Aileen | | | | 28 | 4⅛ | 4⅝ | 4⅝ | |
| 51 | 38¼ | AirPrd | 1 | 2.2 | 12 | 2533 | 45⅞ | 45 | 45 | -⅛ |
| 30⅞ | 18¼ | AirbFrt | .60 | 2.2 | 22 | 7 | 27 | 27 | 27 | -¼ |
| 3 | 1⅛ | AiMoa | s | | 28 | 94 | 3 | 2⅞ | 2⅞ | |
| 33½ | 28¼ | AlaP | pfA3.92 | 13 | | 4 | 30¼ | 30⅛ | 30⅛ | |
| 7⅞ | 6½ | AlaP | dpf.87 | 12 | | 48 | 7⅛ | 6⅞ | 7⅛ | +⅛ |
| 74½ | 65⅝ | AlaP | pf 9 | 13 | | z300 | 70 | 69 | 70 | +1½ |
| 71 | 59 | AlaP | pf8.16 | 13 | | z100 | 62¾ | 62¾ | 62¾ | -¼ |
| [illegible] | | | | | | | | | | |

Continued on Page 25

هكذا من الأصل

# AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | Low | Stock | Div. | Yld. | P/ E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 6⅞ | 1¾ | ATI | | | | 278 | 1½ | d1½ | 1½ | -⅛ |
| 12¾ | 4⅞ | AcmePr | | | 36 | 3 | 6⅞ | 6 | 6⅞ | |
| 19½ | 12¾ | AcmeU | a.32 | 2.1 | 16 | 10 | 15⅝ | 15⅜ | 15⅜ | -⅜ |
| 14¾ | 6⅞ | Action | s | | 9 | 380 | 13 | 12½ | 12⅝ | +⅛ |
| 12 | 8⅞ | Actons | .11 | 1.3 | 25 | 26 | 7¾ | 7½ | 7½ | -⅛ |
| 6½ | 1½ | Adm | wt | | | 2 | 3 | 3 | 3 | |
| 8 | 1⅞ | AdmRs | | | | 21 | 3¼ | 3⅛ | 3¼ | +⅛ |
| 30⅝ | 20⅛ | AdRusl | a.10 | .3 | 13 | 34 | 21 | d20⅝ | 20½ | -½ |
| 26⅞ | 16 | Adobe | .24 | 1.1 | 15 | 102 | 22⅝ | 21¾ | 21⅞ | +¼ |
| 5⅞ | 2⅝ | AeglaCp | | | 13 | 60 | 3⅝ | 3⅜ | 3⅜ | |
| 7 | 4 | Aeronca | | | 6 | 20 | 5½ | 5⅜ | 5½ | |
| 32⅞ | 17⅛ | AffHsp | .40 | 1.7 | 10 | 3 | 23½ | 23½ | 23½ | +⅛ |
| 45 | 26¼ | AlPb | a.64 | 1.5 | 17 | 5 | 43¾ | 43 | 43 | -½ |
| 17½ | 7¼ | AlSix | .06e | .5 | 6 | 23 | 11¾ | 11½ | 11½ | -¼ |
| 15½ | 6⅞ | AirExp | | | | 13 | 7⅛ | 7 | 7⅛ | +⅛ |
| 6⅛ | 4 | AlamO | n | | 9 | 115 | 5 | 4⅞ | 5 | -⅛ |
| 23⅞ | 8¼ | AlbaW | .15e | 1.1 | 9 | 24 | 13⅝ | 13⅜ | 13⅜ | -⅛ |
| 10½ | 5⅞ | AlohaA | .40t | 5.0 | | 34 | 8⅝ | 8⅛ | 8⅛ | |
| 28⅞ | 17⅛ | Alphaln | .05 | .3 | 22 | 104 | 17⅛ | d16½ | 16½ | -⅝ |
| 2⅞ | 1¼ | Altex | | | | 31 | 1½ | 1⅜ | 1⅜ | -⅛ |
| 11-16 | ⅜ | Altex | wt | | | 3 | ¼ | ¼ | ¼ | -1-16 |
| 37 | 30 | Alcoa | pf3.75 | 11. | | z150 | 34 | 33¾ | 34 | +¼ |
| 32⅞ | 14¾ | AlzaCp | | | 148 | 631 | 16¾ | 15⅞ | 16¼ | +⅞ |
| 23⅞ | 15⅞ | Amdhl | a.20 | 1.1 | 28 | 616 | 18¼ | 17⅞ | 18 | +¼ |
| 25⅞ | 8 | Amedco | .08 | .5 | 18 | 57 | 15⅛ | 14½ | 14⅝ | -⅝ |
| 7½ | 4 | AmBilt | .15 | 2.8 | 16 | 35 | 5⅜ | 5¼ | 5¼ | -⅛ |
| 9⅞ | 2⅞ | AmCap | | | 154 | 103 | 9⅝ | 9¼ | 9¼ | -⅛ |
| 44¾ | 18¼ | AExp | wt | | | 34 | 19 | 18½ | 18½ | -¼ |
| 12⅞ | 5⅞ | Aisrael | | | 2 | 90 | 6¾ | 6½ | 6⅝ | |
| 19⅞ | 12 | AMzaA | .52 | 3.0 | 57 | 47 | 17⅝ | 17⅝ | 17⅝ | -¼ |
| 18⅜ | 12½ | AMzaB | .52 | 3.0 | 56 | 13 | 17¾ | 17¾ | 17¾ | |

Continued on Page 26

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 24

| 12 Month High | Low | Stock | Div. | Yld. | P/ E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 32¾ | 18¾ | WestCo | .40 | 1.5 | 14 | 46 | 26⅜ | 26⅛ | 26½ | +⅛ |
| 54⅞ | 40¼ | WstPtP | 2.20 | 4.7 | 8 | 220 | 47⅜ | 46⅝ | 46⅝ | -¼ |
| 12⅞ | 10⅝ | WstctT | g1.04 | | | 17 | 12⅝ | 12⅜ | 12⅝ | |
| 7¼ | 3⅞ | WnAirL | | | | 1308 | 5⅛ | 4⅞ | 5 | |
| 3⅞ | 1½ | WAir | wt | | | 60 | 2⅛ | 2 | 2 | -⅛ |
| 18¼ | 11½ | WAir | pf | | | 114 | 13⅝ | 12⅞ | 13⅛ | -⅛ |
| 12 | 6½ | WCNA | | | | 2145 | 9⅜ | 8¾ | 9 | -⅝ |
| 54¼ | 43 | WCNA | pf7.25 | 14 | | 2 | 52¼ | 51½ | 52¼ | -¼ |
| 89½ | 56¼ | WPacI | | | 12 | 4 | u85½ | 86¼ | 86¼ | +⅛ |

Continued on Page 26

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full

# WORLD STOCK MARKETS

## AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 25

## NEW YORK CLOSING PRICES

Continued from Page 25

## CANADA

## DENMARK

## NETHERLANDS

## AUSTRALIA

## JAPAN (continued)

## FRANCE

## NORWAY

## SPAIN

## HONG KONG

## GERMANY

## SWEDEN

## SINGAPORE

## AUSTRIA

## BELGIUM/LUXEMBOURG

## ITALY

## SWITZERLAND

## JAPAN

## SOUTH AFRICA

## Indices

### NEW YORK

### STANDARD AND POORS

### N.Y.S.E. ALL COMMON

### MONTREAL

### TORONTO

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE



## Exchange cross rates

# LONDON STOCK EXCHANGE

## MARKET REPORT

# Encouraging CBI survey reverses early fall in equities

## Index closes only 0.8 off at 831.4

Account Dealing Dates

Option

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Jan 16 | Jan 26 | Jan 27 | Feb 6 |
| Jan 30 | Feb 9 | Feb 10 | Feb 20 |
| Feb 13 | Feb 23 | Feb 24 | Mar 5 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity markets displayed commendable resilience yesterday, staging a progressive recovery from early weakness. The opening setback stemmed from renewed concern over Wall Street's current refusal to match strides with other international markets, while the subsequent rally was largely a reflection of the CBI's most encouraging survey for some years.

Jobbers marked leading shares down at the outset and were a little mystified when the anticipated selling failed to materialise. In the event, buyers appeared before and after the CBI's latest findings that manufacturing groups expect to increase investment as demand and output improve. The CBI also predicted the recovery would broaden in the coming months. Fairly quickly, most blue chip industrials began to rally with the upturn being led by the Engineering sector. TI and GKN, in particular, showed up well as recovery hopes revived.

The day's events were well illustrated by the FT Industrial Ordinary share index which, after Monday's late fall of 7.3, opened with a fresh loss of 6 points. This was gradually whittled down and at the close the index was only 0.8 off on balance at 831.4.

Equity business overall fell short of recent standards with demand often representing the closing of bear positions opened only hours earlier. During the nervous atmosphere of Monday's late trade, many market professionals sold short of stock seeing scope for a continuation of the price setback. Initially, these assumptions seemed to be well founded but the market's resilience later yesterday confounded and brought swift covering action.

Special situation issues and speculative counters were less prominent than recently. The company news list, although considerably shorter yesterday, still contained first-line stocks such as Reed International and S. and W. Berisford. Followers of the bid scene were kept on their toes by two new take-overs, Hales Properties and Michael Black being the recipients of share-exchange offers from Belgrave Blackheath and Highgate and Job, respectively.

Strong and extremely active over the past few sessions owing to speculative demand and talk of Turkish interests building up a stake, UKO International featured once more. The shares touched 170p before closing 10 higher at 163p on the announcement that the group were engaged in promotional talks with Turkish entrepeneur, Asil Nadir.

Gilt-edged securities lost Monday's brighter trend amid revived apprehensions over the U.S. bond market. Values there turned down quite sharply overnight following renewed concern about the U.S. budget deficit and Treasury funding. British Funds, however, eased only marginally and selected high-coupon longs often close above the session's lowest.

### Clearers dull

Relatively firm of late on demand ahead of the forthcoming dividend season, the major clearing banks turned distinctly dull. Marked lower at the outset, prices continued to retreat on scattered small selling to close with falls ranging to 15. Lloyds lost that much at 593p, while Barclays, which report on March 5, ended 10 down at 548p. NatWest also declined 10 to 748p and Midland eased 5 to 413p. Apart from Gerrard and National, which hardened a couple of pence to 337p awaiting further news of the bid approach, Discount Houses drifted lower. Union gave up 15 at 730p and King and Shaxson eased 6 at 128p.

Insurances were notable for a strong recovery in Phoenix which, at 428p, retrieved Monday's fall of 15: the rally accompanied suggestions that Allianz could still afford to bid for Phoenix even after buying the insurance business of U.S. steel and oil equipment maker, Armco.

Institutional operators were again reluctant to commit funds to Breweries. Prices hovered around the opening levels for most of the session, although sporadic interest after-hours left selected counters with modest gains. Whitbread stood out with a gain of 3 at 146p, but Grand Metropolitan eased 5 to 345p, and the absence of bid developments clipped 3½ from Scottish and Newcastle, at 108½p. Conflicting views from leading brokers in the wake of a meeting with analysts saw sellers hold sway in Bass, which closed 5 off at 325p. Regionals also tended to lower levels with Vaux 6 cheaper at 226p, and Greene King 4 down at 164p. Belhaven bucked the trend however, rising a couple of pence to 36p amid rumours that the Virani family, which has recently built up a stake of around 25 per cent in Belhaven, has made representations to remove Mr Eric Morley from the board; there was also persistent talk of another party building a stake in Belhaven. Elsewhere, Arthur Bell eased a couple of pence to 163p in the wake of the $16.5m acquisition of Wellington Importers of New York. Distillers firmed the turn to 261p; the company is expected to announce price increases to EEC markets of 5 per cent on standard brands and 8 per cent on de-luxe brands.

London Brick encountered profit-taking and shed 3 to 158p, while fellow brick concern Ibstock Johnsen, firm on Monday on talks of a bid from Marley, came back 4 to 190p. Selected Housebuilding issues made progress on hopes of an early cut in mortgage rates. Barratt Developments, 176p, Bryant Holdings, 63p, and Bellway, 122p, all added 4. Elsewhere, IDC gained 12 to 142p, the dividend increase compensating for the slightly disappointing preliminary profits, but Vibroplant encountered profit-taking in the wake of Monday's interim figures and fell 13 to 157p. Among Timber issues, Meyer International slipped to 148p before picking up to close 2 dearer on balance at 152p.

ICI, marked down to 616p at the outset on Wall Street advices, steadily improved to close just 4 cheaper on balance at 622p. Among other Chemicals, Allied Colloids attracted revived support and firmed 4 to 320p. Profit-taking left Novo Industries B 10 points lower at £189.

Easier initially, leading Stores attracted scattered interest and rallied throughout the session. Once again, the movements of note were generally confined to secondary issues, especially jewellers where Northern Goldsmiths, aided by "call" option business, rose 3 to 209p. Ernest Jones added 4 at 82p, while James Walker A, still surrounded by takeover speculation, touched 90p before settling only a penny dearer at 86p. Cantors A rose 4 to 69p in response to doubled first-half profits and resumed interim dividend, but recent speculative favourite Mellins encountered profit-taking and closed 4 cheaper at 68p.

Leading Electricals remained subdued with sentiment still disturbed by competition worries and suggestions of Government pressure on UK groups with defence contracts to reduce profit margins. GEC finally managed a gain of 2 to 184p, but Plessey remained a poor market and closed 5 cheaper at 217p for a two-day fall of 19. Elsewhere, Michael Black advanced 7 to 54p on the share exchange offer from Highgate and Job; the latter closed unaltered at 220p, after 238p.

Encouraged by the optimistic tone of the CBI's quarterly survey leading Engineers staged a notable revival after having been marked lower at the start. TI, down to 196p initially, soon moved up on the appearance of buyers to close 8 up on balance at 206p, while GKN ended 5 to the good at 208p, after 200p. Hawker touched 402p before settling only a couple of pence cheaper at 412p. Elsewhere, movements were usually against holders, but John Brown improved 2 to 22p following the interim figures and rationalisation proposals.

S. and W. Berisford's preliminary profits fell short of market estimates and the shares reacted to 194p before analysts drew attention to current-year trading and to the one-off loss relating to the Erlanger Tubular business; revived demand then brought a recovery and close was just a couple of pence cheaper on balance at 198p. Other leading Foods failed to recover from a hestitant start and closed with modest falls. Elsewhere, Associated Fisheries softened a penny to 91p awaiting today's preliminary results.

Continued buying in a market short of stock lifted Stakis 3 to 101p, while Pleasurama, which recently launched an agreed offer for Associated Leisure, improved 8 to 328p.

### Reed Int. lower

Reed International, a rising market lately, eased 8 to 442p on scattered offerings after announcement of the third-quarter figures. Other leading miscellaneous industrials rallied to close well above the worst. Bowater ended 5 cheaper at 280p, after 275p, and Beecham 3 down at 312p, after 308p, BOC managed a penny gain at 298p, after 295p. Elsewhere, Equipu featured with a rise of 10 to 125p following increased interim dividend, higher profits and an encouraging statement on the outlook. Buyers showed interest in Sketchley, which revived 13 to 433p. Applied Computer, still reflecting a recent analysts' visit to the company, advanced 15 further to 610p. Powell Duffryn, in contrast, encountered profit-taking at 334p, down 6, after Monday's speculation on the Hanson Trust stake. Smaller-priced issues to show to advantage included Widney, up 3½ at 23p, reflecting a recovery in annual profits and proposed capital reorganisation. Platignum, 2½ dearer at 9p, moved up on recovery hopes after completion of the last phase of the company's reorganisation. London and Liverpool were briskly traded at 15½p, up 2.

Buyers continued to show interest in selected television issues, but stock shortages exaggerated gains. LWT A rose 8 to 212p and HTV N-V advanced 13 to 232p. Zetters lost the turn to 90p following the interim results, while an early markdown left Intasun 7 off at 180p. Tottenham Hotspur contrasted and with the help of late support closed 5 dearer at 89p.

*Fresh instiutional demand* lifted Lucas 6 more for a two-day gain of 15 to 215p. Profit-taking clipped a few pence from AE, at 88p, while the proposed capital reorganisation left Bluemel 2 cheaper at 15p. Distributors featured fresh support of Henlys, 5 better at 95p.

Fleet Holdings, firm recently on reports of further buying by Mr Robert Holmes a Court, succumbed to sporadic profit-taking and eased 7 to 181p. McCorquodale closed 9 off at 311p following the proposed sub-division and £10.8m *rights issue*.

Losses among leading Properties rarely exceeded a couple of pence and it was left to situation stocks to provide significant movements. On the bid front, Hales Properties jumped 85 to 225p following the agreed share-exchange offer from engineering concern Belgrave (Blackheath), 15 higher at 170p. Jermyn Investment were marked up 10 to 92p following the sale of the Britannia Hotel, London W1, to Grand Metropolitan for £850,000. Dealings in Maryland Securities were suspended at 122p at the company's request pending publication or reorganisation particulars. London and Edinburgh Trust held at 174p; the company has let its major office development in Reading to British Telecom.

Special situations prompted some interesting movements among Textiles. Allied, a rising market of late, reacted to 278p, after 274p, after the results. Coats Patons continued to benefit from the recent re-rating and hardened 2 to a 1983-84 peak of 108p, while Nova (Jersey) Knit, continued to shrug aside the lower interim profits and dividend and closed 4 dearer at 51p. In contrast, F. Miller already the subject of a bid from Nottingham Manufacturing, dipped 8 to 40p on the disclosure that alternative proposals have fallen through.

### Weeks surge ahead

Weeks Petroleum featured an active oil sector. Reports that a client of London brokers' Vickers da Costa—widely rumoured to be Australian entrepreneur Robert Holmes a'Court—had offered around 500p a share to acquire up to 15m shares in Weeks Petroleum Bermuda-registered stock saw the latter jump to a 1983-4 high of 500p before easing to close a net 75 firmer at 470p following completion of the acquisition. Weeks Petroleum Australian-registered stock raced ahead to a year's high of 475p prior to closing a net 55 up at 450p. Weeks Australia, the Australian associate of Weeks Petroleum, edged up to 118p but retreated to close only a penny harder on balance at 116p. Leading UK oils opened on an easier note, rallied around midday but eased afresh in late trading. BP initially retreated to 441p, quickly recovered to 448p and then fell back to close a net 3 off at 445p, while Britoil gave up 5 to 225p. LASMO weakened to 335p in early business but recovered to close a net 2 firmer at 340p, after 343p, following news that the company's U.S. gas reserves have increased seven-fold over the past 12 months.

Harrisons and Crosfield rose 25 to 850p in the wake of Monday's announcement of the proposed restructuring of its Malaysian plantations interests. Castlefield advanced 63 to 913p, and Doranakande 5 to 200p, but Harrisons Malaysian Plantations, at 162p, erased the previous day's rise of 6.

### Golds up again

South African Golds posted gains for the fifth successive trading session. A generally good performance by precious metal markets prompted initial demand from London and Continental sources which took share prices higher at the outset.

This trend continued until well into the after-hours' trade when rumoured selling from Switzerland and reported American offerings caused a minor setback. Closing levels, however, were sufficiently firm to produce a 9.5 rise to 543.8 in the Gold Mines index.

In a generally firm Financials sector Consolidated Gold Fields continued to gain ground and moved up 13 more to 540p, still reflecting the recent recommendation from brokers' De Zoete and Bevan. But Rio Tinto-Zinc eased on profit-taking to close 2 down at 673p.

Australians registered minor movements either way, but Western Mining proved an exception and gave up 6 at 272p following the disappointing drilling report from the much-vaunted Turtle 1 exploration well currently being tested in the Bonaparte Gulf off the coast of Western Australia.

The more speculative participants in Turtle 1 came under sustained selling pressure, notably Canada Northwest Oil, which dropped 18 to 38p. Home Energy were 27 off at 80p, York Resources 8 lower at 28p and Cultus Pacific 6½ down at 19p.

Traded Options ended a surprisingly buoyant month on a bright note with 4,175 contracts struck. Lonrho were again active ahead of the preliminary results due early next month and recorded 969 calls, with 109 done in the February 120's, 5 up at 17. GKN attracted 396 calls, 181 in the March 220's, while a useful two-way trade developed in British Petroleum which recorded 195 calls and 164 puts.

## FINANCIAL TIMES STOCK INDICES

| | Jan. 31 | Jan. 30 | Jan. 27 | Jan. 26 | Jan. 25 | Jan. 24 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 83.02 | 83.09 | 82.75 | 82.85 | 82.87 | 82.91 | 77.23 |
| Fixed Interest | 87.41 | 87.47 | 87.43 | 87.37 | 87.26 | 87.30 | 79.03 |
| Industrial Ord. | 831.4 | 832.2 | 839.5 | 835.1 | 840.5 | 824.9 | 628.4 |
| Gold Mines | 543.8 | 534.3 | 531.5 | 530.6 | 528.1 | 524.9 | 699.0 |
| Ord. Div. Yield | 4.35 | 4.34 | 4.31 | 4.32 | 4.29 | 4.36 | 4.85 |
| Earnings, Yld.% (full) | 9.20 | 9.17 | 9.10 | 9.08 | 9.01 | 9.16 | 10.43 |
| P/E Ratio (net) (*) | 13.36 | 13.38 | 13.43 | 13.49 | 13.58 | 13.36 | 11.51 |
| Total bargains | 28,202 | 32,010 | 28,722 | 26,801 | 27,013 | 28,782 | 26,616 |
| Equity turnover £m. | — | 540.24 | 400.23 | 485.15 | 351.54 | 326.86 | 304.77 |
| Equity bargains | — | 28,604 | 28,611 | 28,189 | 23,076 | 22,609 | 25,059 |
| Shares traded (ml) | — | 205.5 | 239.0 | 248.8 | 197.9 | 182.2 | 196.1 |

10 am 828.2. 11 am 828.3. Noon 828.7. 1 pm 829.2. 2 pm 829.9. 3 pm 830.5.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest index 01-246 8026.

*Nil=12.52.

† Corrected.

### HIGHS AND LOWS

| | 1983/84 High | 1983/84 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 83.77 (9/1/84) | 77.00 (24/1/83) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 87.47 (30/1/84) | 79.05 (1/2/83) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 840.5 (25/1/84) | 598.4 (12/1/83) | 840.5 (25/1/84) | 49.4 (26/6/40) |
| Gold Mines | 754.7 (15/2/83) | 444.6 (1/11/83) | 754.7 (15/2/83) | 43.5 (26/10/71) |

### S.E. ACTIVITY

| | Jan. 30 | Jan. 27 |
|---|---|---|
| —Daily Gilt Edged Bargains | 166.3 | 155.6 |
| Equities Bargains | 185.3 | 186.7 |
| Value | 687.7 | 809.0 |
| 5-day Average Gilt Edged Bargains | 158.6 | 163.5 |
| Equities Bargains | 170.1 | 166.8 |
| Value | 745.5 | 713.5 |

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Tues Jan 31 1984

FIXED INTEREST

AVERAGE GROSS REDEMPTION YIELDS

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

## RECENT ISSUES

### EQUITIES

### FIXED INTEREST STOCKS

### "RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖ Introduction. ● Unlisted Securities Market. § Placing price.

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Jan 23 | Feb 3 | Apr 26 | May 8 |
| Feb 6 | Feb 17 | May 10 | May 21 |
| Feb 20 | Mar 2 | May 31 | June 11 |

*For rate indications see end of Share Information Service*

Activit in Options subsided from Monday's buoyant levels, but calls were transacted in Chamberlain Phipps, UKO, Oil Search, Fleet Holdings, Atlantic Resources, GEC, John Brown, ICL, Booker McConnel, Mellins, Hanson Land, W. E. Norton, Bristol Oil and Minerals, M. Y. Dart, Northern Goldsmiths, Youghal, Bula, Lonrho, Phoenix Assurance, R. P. Martin and Steaua Romana. Puts were taken out in Fleet Holdings, Atlantic Resources, UKO and Jardine Matheson, while doubles were struck in Harold Ingram, London and Liverpool and Burmah Oil.

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

| Stock | Closing price | Day's change |
|---|---|---|
| Berisford (S. & W.) | 198 | −2 |
| Can. North West Oil | 38 | −18 |
| Cons Gold Fields | 540 | +13 |
| ICI | 622 | −4 |
| London Brick | 158 | −3 |
| Platignum | 9 | +2½ |
| Powell Duffryn | 334 | −6 |
| Strong and Fisher | 220 | +3 |
| TI | 206 | +8 |
| Tricentrol | 218 | +8 |
| UKO International | 168 | +13 |
| Western Mining | 272 | −6 |

## MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

| Stock | No. of changes | Mon. close | Day's change |
|---|---|---|---|
| Valin Plin New | 24 | 163 | — |
| UKO Intern | 21 | 153 | +11 |
| Powell Duffryn | 17 | 340 | +30 |
| Dreamland Elect | 16 | 29 | +10 |
| Minster Assets | 16 | 134 | +10 |
| Canning (W.) | 15 | 104 | — |
| Lucas Inds | 15 | 209 | +9 |
| Euro Ferries | 14 | 87½ | +5 |
| Rank Org | 14 | 238 | +9 |
| Rwntree Mc'ntsh | 14 | 246 | −14 |
| GEC | 13 | 182xd | −9 |
| Hawker Siddly | 13 | 414 | −8 |
| IC Gas | 13 | 288 | −13 |
| RTZ | 13 | 675 | +2 |

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 6 | 47 | 49 |
| Corpns. Dom and Foreign Bonds | 10 | 1 | 66 |
| Industrials | 225 | 428 | 756 |
| Financial and Props. | 73 | 161 | 288 |
| Oils | 31 | 28 | 62 |
| Plantations | 3 | 6 | 12 |
| Mines | 59 | 27 | 85 |
| Others | 42 | 76 | 56 |
| Totals | 449 | 773 | 1,374 |

## NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (112)

BRITISH FUNDS (2)
CORPORATION LOANS (2)
FOREIGN BONDS (2)
AMERICANS (3)
BANKS (3)
BUILDINGS (3)
CHEMICALS (3)
STORES (4)
ELECTRICALS (7)
ENGINEERING (6)
FOODS (2)
INDUSTRIALS (17)
LEISURE (2)
MOTORS (1)
NEWSPAPERS (1)
PAPER (1)
PROPERTY (5)
SHOES (1)
TEXTILES (2)
TRUSTS (18)
OILS (2)
OVERSEAS TRADERS (3)
PLANTATIONS (1)
MINES (1)

NEW LOWS (9)

AMERICANS (1)
SCA Services Inc.
BUILDINGS (1)
Crouch Group
ELECTRICALS (2)
Inmed. Bus. Systems. Utd. Scientific
Multitone Elects.
INDUSTRIALS (2)
Cond Inds. Grice & Elect.
SHIPPING (1)
Lyle Shipping
MINES (1)
Black Hills Minerals

## EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 26,430

A=Ask B=Bid C=Call P=Put

## LONDON TRADED OPTIONS

Jan. 31. Total Contracts 4,175. Calls 3,393. Puts 782

* Underlying security price.

# FT LONDON SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%.

## INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

## CORPORATION LOANS

[illegible]

## COMMONWEALTH AND AFRICAN LOANS

[illegible]

## LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

## FOREIGN BONDS & RAILS

[illegible]

## AMERICANS

[illegible]

## CANADIANS

[illegible]

## BANKS, H.P. AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## DRAPERY AND STORES

[illegible]

## DRAPERY—Continued

[illegible]

## ELECTRICALS

[illegible]

## ENGINEERING

[illegible]

## ENGINEERING—Continued

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## HOTELS AND CATERERS

[illegible]

## HOTELS—Continued

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

## INDUSTRIALS—Continued

| 1983-84 High | Low | Stock | Price | + or — | Div. Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 49 | 32½ | MCD Group | 49 | ...... | u1.0 | 2.2 | 2.9 | 22.4 |
| | | for MMT Computing see Electricals | | | | | | |
| 29 | 16 | M.Y. Dart 10p | 26½ | —½ | 20.25 | — | 1.3 | — |
| 212 | 159 | M'c'rthy Pn. 20p | 152 | ...... | 7.0 | 2.8 | 6.7 | 6.6 |
| 148 | 128 | Macfarlane Gp. | 143 | ...... | †3.52 | 2.1 | 3.5 | 17.5 |
| 46 | 33 | Macllellan 20p | 37 | ...... | d1.5 | 1.6 | 5.8 | 13.3 |
| 63 | 31 | Macpherson (D.) | 49 | —½ | 4.2 | 0.6 | 12.2 | (8.9) |
| 56 | 41 | Magnolia Group | 55 | ...... | 2.3 | 3.2 | 6.0 | 6.5 |
| 72 | 59 | Mallinson Hldg. 10p | 59 | —1 | — | — | — | 63.0 |
| 182 | 65 | Man. Ship Can. £1 | 182 | ...... | 3.5 | 6.8 | 2.8 | 5.5 |
| 86 | 48 | Marley | 86 | ...... | †2.5 | 0.5 | 4.2 | (8.9) |
| 47½ | 30½ | Marling Ind. 10p | 47½ | +1 | †1.08 | 1.7 | 3.2 | (21.4) |
| 34 | 25 | Marshall L'sy. 'A' | 32 | ...... | ‡1.2 | — | ‡ | — |
| 70 | 44 | Marshall's Univ. | 62 | +2 | B— | — | — | 12.3 |
| 32½ | 23 | Martin-Black | 29 | ...... | — | — | — | — |
| £130 | £83 | Mathesons 7¾% | £106 | ...... | Q7¾% | 2.3 | (7.3 | — |
| 352 | 154 | Metal Box £1 | 346 | —6 | †11.55 | 3.2 | 4.8 | (8.4) |
| 158 | 104 | Metal Closures | 155 | ...... | 5.7 | 1.8 | 5.3 | (14.1) |
| 36½ | 14 | Metal Sciences 2½p | 22 | —1 | — | — | — | — |
| 19 | 6 | Metalrax Jellique | 15½ | —1 | 0.01 | — | 0.1 | — |
| 50 | 3 | Metoy | 7# | ...... | — | — | — | — |
| 147 | 70 | Midland Marts | 115 | ...... | 4.0 | 2.1 | 5.0 | 13.8 |
| 56 | 21 | Moben Grp 1p | 25 | ...... | †0.39 | 15.4 | 1.1 | 6.2 |
| £271 | £150 | M'santo 5pc 82-6 | £220 | —3 | 05% | — | (2.3 | — |
| 147 | 76 | Morgan Crucible | 145 | —2 | †7.5 | 0.6 | 7.4 | (9.2) |
| 90 | 54 | Moss (Robt.) 10p | 84 | ...... | †2.0 | 2.4 | 3.4 | 15.5 |
| 245 | 155 | MMW Computers | 225 | +3 | 4.0 | 4.0 | 2.5 | 13.9 |
| 67 | 42½ | Nash Inds. | 60 | ...... | 4.0 | 2.2 | 9.5 | 6.9 |
| 38 | 11 | Neill&Spencer 10p | 38 | ...... | — | — | — | — |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## INSURANCE

[illegible]

## LEISURE

[illegible]

## LEISURE—Continued

| 1983-84 High | Low | Stock |
|---|---|---|
| 212 | 139 | LWT "A" |
| 147 | 45 | Leisuretime |
| 48 | 37 | MMNE Facilities |
| 132 | 97 | Mngmt. Ag. |
| 115 | 52 | Medminster |
| 170 | 110 | Miss World |
| 24½ | 17½ | Nationwide |
| 128 | 17 | Nimslo Int. |
| 128 | 45½ | Norton Opax |
| 30 | 22½ | Owners Abroad |
| 47 | 35 | Photax (Lon.) |
| 147 | 84 | Pineapple Dance |
| 363 | 217½ | Pleasurama |
| 173 | 108 | Radio City 'A' |
| 209 | 138 | Riley Leisure |
| 132 | 83 | Saga Hols. |
| 515 | 290 | Samuelson Gp. |
| 116 | 94 | Scott. TV 'A' |
| 68 | 27 | SelecTV |
| 28 | 15½ | TSW 5p |
| 102 | 30 | TVS N/V |
| 29 | 19 | Talmadge Se[illegible] |
| 100 | 76 | Tottenham H[illegible] |
| 142 | 64 | Trid'nt TV 'A' |
| 180 | 105 | W21st Century |
| 155 | 135 | Tyne Tees TV |
| 25½ | 14 | Webb (Jos.) |
| 92 | 75 | Zetters 5p |

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## INVESTMENT TRUSTS-Cont.

[illegible]

### Finance, Land, etc.

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Continued

[illegible]

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Finance

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]



## MINES—continued

### Australians

[illegible]

### Tins

[illegible]

### Miscellaneous

| 1983-84 High | Low | Stock | Price | + or — | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 90 | 34 | Anglo-Dominion | 72 | +2 | — | — | — |
| 93 | 48 | Anglo Utd. Dev. | 52 | —3 | — | — | — |
| 400 | 180 | Centennial Minerals | 308 | —5 | — | — | — |
| 175 | 60 | Colby Res Corp. | 160 | ...... | — | — | — |
| 850 | 315 | Cons. Murch. 10c. | 795 | —20 | 100c | Φ | 7.4 |
| £17½ | £10⅝ | Eastern Trans Cons 50c | £15 | ...... | Q85c | 4.9 | 2.8 |
| 240 | 170 | Hampton Areas 10p | 212 | —3 | 3.75 | 2.1 | 2.4 |
| 215 | 103 | Highwood Res. | 205 | +5 | — | — | — |
| £24½ | £17½ | Homestake Mining $1 | £20⅝ | —½ | Q20c | — | 0.7 |
| 495 | 275 | Northgate C$1 | 320 | ...... | — | — | — |
| 678 | 437 | R.T.Z. | 673 | —2 | u17.0 | 2.9 | 3.6 |
| £148½ | £108 | Do. 9½% Cu.Ln.95-2000 | £143½ | ...... | Q9½% | 32.5 | †6.4 |
| 190 | 13 | Sabina Inds C$1 | 85 | —2 | — | — | — |
| £11½ | 312 | Tara Exptn $1 | £11⅛ | —⅛ | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- Φ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending strip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

| | | | | | |
|---|---|---|---|---|---|
| Albany Inv. 20p | 72 | ...... | Fin. 13% 97/02 | £97 | ...... |
| Bdg'wtr. Est. 50p | 325 | ...... | Alliance Gas | 85 | ...... |
| Craig & Rose £1 | 980 | ...... | Arnott | 217 | ...... |
| Finlay Pkg. 5p | 46 | ...... | CPI Hldgs. | 87 | ...... |
| Higsons Brew | 82 | ...... | Carroll Inds. | 120 | ...... |
| Holt (Jos) 25p | 890 | ...... | Hall (R. & H.) | 65 | ...... |
| I.O.M. Stm. £1 | 125xd | ...... | Heiton Hldgs. | 27 | +2 |
| | | | Irish Ropes | 49 | ...... |
| IRISH | | | Jacob (W. & R.) | 67 | +1 |
| Exch. 12% 1985 | £99 | ...... | T.M.G. | 70 | ...... |
| Nat 9¾% 84/89 | £86¼ | ...... | Unidare | 77 | ...... |

For Concrete Prods see CPI

## OPTIONS

### 3-month Call Rates

| | | | | | |
|---|---|---|---|---|---|
| **Industrials** | | House of Fraser | 21 | Vickers | 12 |
| Allied Lyons | 13 | I.C.I. | 45 | Woolworth Hld. | 35 |
| BOC Grp. | 20 | "Imps" | 12 | | |
| B.S.R. | 18 | I.C.L. | 6 | **Property** | |
| Babcock | 15 | Ladbroke | 21 | Brit. Land | 9 |
| Barclays Bank | 45 | Legal & Gen. | 45 | Cap. Counties | 15 |
| Beecham | 28 | Lex Service | 35 | Land Sec. | 34 |
| Blue Circle | 40 | Lloyds Bank | 50 | MEPC | 24 |
| Boots | 17 | "Lofs" | 3 | Peachey | 17 |
| Bowaters | 22 | London Brick | 10 | Samuel Props. | 12 |
| Brit. Aerospace | 19 | Lucas Inds. | 26 | Sterling Guar. | 4 |
| B.A.T. | 14 | "Mams" | 12 | | |
| Brown (J.) | 3 | Mrks. & Spncr | 20 | **Oils** | |
| Burton Ord. | 38 | Midland Bank | 42 | Bristol Oil & Min. | 6 |
| Cadburys | 11 | N.E.I. | 10 | Brit. Petroleum | 35 |
| Courtaulds | 11 | Nat. West. Bank | 55 | Burmah Oil | 16 |
| Debenhams | 14 | P & O Dfd. | 22 | Charterhall | 8 |
| Distillers | 20 | Plessey | 20 | Premier | 5 |
| Dunlop | 5 | Racal Elect. | 18 | Shell | 50 |
| Eagle Star | 60 | R.H.M. | 7 | Tricentrol | 20 |
| F.N.F.C. | 6½ | Rank Org. Ord. | 19 | Ultramar | 60 |
| Gen. Accident | 42 | Reed Intnl. | 34 | | |
| Gen. Electric | 17 | Sears | 8 | | |
| Glaxo | 75 | T.I. | 14 | **Mines** | |
| Grand Met. | 30 | Tesco | 16 | | |
| G.U.S. 'A' | 55 | Thorn EMI | 55 | Charter Cons. | 22 |
| Guardian | 45 | Trusthouse | 16 | Cons. Gold | 50 |
| G.K.N. | 16 | Turner & Newall | 8 | Lonrho | 8 |
| Hawker Sidd | 32 | Unilever | 75 | Rio T. Zinc | 58 |

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

[illegible]

## INSURANCES

[illegible]

## Insurances—continued

[illegible]

## Offshore & Overseas—continued

[illegible]

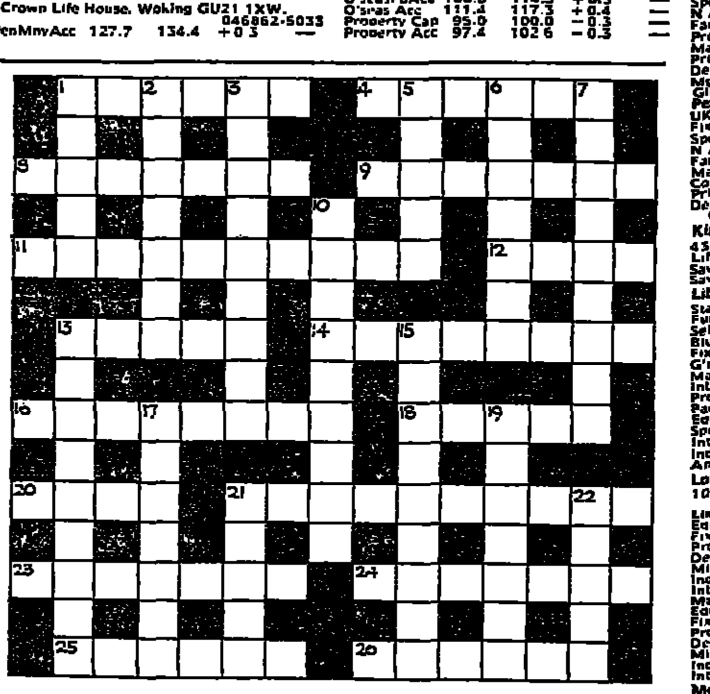
## Money Market Trust Funds

[illegible]

## Money Market Bank Accounts

[illegible]

## F.T. CROSSWORD PUZZLE No. 5,331



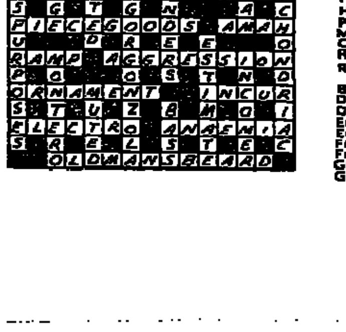
### ACROSS

1 Note on circular: cricket played here (6)
4 Badly rusted yet a little cleaner (6)
8 Neil put in unusually long time on ancestry (7)
9 Around June 3rd, engaged someone to get funds (7)
11 It meant cad being devious to obtain admission (10)
12 Semi-nude, the doctor's unable to move (4)
13 In all letters, for example, is lawful (5)
14 Not a form of transport yet you get miles on it! (8)
16 Adequate parking when dark (8)
18 "Splendid old lady," said Dee (5)
20 She's mean, taking time off (4)
21 Just the blooming place for an unsophisticated audience! (10)
23 An obsession for a set of buildings (7)
24 Lag on the outside? (7)
25 Concentrated less (6)
26 Offensive when overdrawn, promises to pay debts (6)

### DOWN

1 Smile died on finding laborious work (5)
2 Vacancy for the job of a doorman (7)
3 Sort of thing to beat a place of entertainment (5, 4)
5 Combine 14 (5)
6 He's being taught to put water in tea, we hear (7)
7 Advise newcomer to improve (9)
10 Not protected by insurance, it's revealed (9)
13 Shelter when in the cargo space getting a description of the property (9)
15 The musician loses his way, Des turns up as arranged (9)
17 Cause of many cuts in the theatre (7)
19 Fruity Virginia turned up with the bounder in glasses! (7)
21 Get about in hail (5)
22 Doris is heartless after she loses (5)

### Solution to Puzzle No. 5,330



# INSURANCE & OVERSEAS MANAGED FUNDS

**Black Horse Life Ass. Co. Ltd.**
71, Lombard St., EC3 01-623 1288

| | | | | |
|---|---|---|---|---|
| Black Horse Man. Fd. | 243.19 | | | — |
| Managed Inv. Fd. | 164.78 | 173.46 | | — |
| Property Fd. | 152.76 | 160.17 | | — |
| Fixed Interest Fd. | 148.30 | 156.11 | | — |
| Cash Fd. | 137.47 | 144.71 | | — |
| Income Fd. | 181.54 | 191.10 | | — |
| Extra Income Fd. | 174.41 | 183.59 | | — |
| Worldwide Growth Fd. | 233.27 | 245.55 | | — |
| Balanced Fd. | 183.11 | 192.75 | | — |
| Smlr Co's & Recv. Fd. | 210.19 | 221.26 | | — |
| Intl. Technology Fd. | 269.98 | 283.25 | | — |
| Nth. Amer. & Gen. Fd. | 162.45 | 171.00 | | — |
| Energy Intl. Fd. | 108.48 | 114.19 | | — |
| Pacific Basin Fund | 149.98 | 157.88 | | — |

**British National Life Assurance Co. Ltd.**
Harlands Rd., Haywards Heath. 0444 414111

| | | | | |
|---|---|---|---|---|
| Managed | 118.6 | 124.9 | | — |
| Property | 120.0 | 126.3 | | — |
| Equity | 126.0 | 132.6 | | — |
| International | 135.4 | 142.5 | | — |
| Fixed Interest | 103.7 | 109.2 | | — |
| Deposit | 100.8 | 106.1 | | — |
| Managed Pen. Cap. | 119.4 | 125.7 | | — |
| Property Pens. Cap. | 121.4 | 127.8 | | — |
| Equity Pens. Cap. | 121.2 | 127.6 | | — |
| Intnl. Pens. Cap. | 141.9 | 149.4 | | — |
| Fixed Int. Pens. Cap. | 100.2 | 105.5 | | — |
| Deposit Pens. Cap. | 98.1 | 103.2 | | — |

**Canada Life Group**
2-6, High St., Potters Bar, Herts. P. Bar 51122

| | | | | |
|---|---|---|---|---|
| Equity Gth Jan 31 | | 107.1 | +9.7 | — |
| Retmt. Fed Jan. 6 | | 280.3 | | — |
| Managed Pen Fund | 193.8 | 204.0 | | — |
| Property Pen Fund | 117.3 | 123.5 | | — |
| Index Lnkd Pen Fund | 111.6 | 117.5 | | — |
| Managed | 129.0 | 135.8 | -0.5 | — |
| Property | 106.2 | 111.8 | | — |
| Gilt and Fixed Interest | 108.8 | 114.6 | -0.1 | — |
| Index-Linked | 97.9 | 103.1 | +0.6 | — |
| Equity | 138.0 | 136.9 | -1.1 | — |
| Cash | 105.9 | 111.5 | +0.1 | — |
| Midland Bk. Unit Tst. | 127.3 | 134.1 | -0.3 | — |
| Midland Bank Intnl. | 150.1 | 158.1 | -0.4 | — |

**Cannon Assurance Ltd.**
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

| | | | | |
|---|---|---|---|---|
| Equity Units | 41.47 | — | +0.12 | — |

**G.T. Management Ltd.**
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

| | | | | |
|---|---|---|---|---|
| G.T. Plan Bond Fund | 127.4 | 134.2 | -0.3 | — |
| GT Pln High Yld Fnd. | 133.8 | 140.9 | -0.7 | — |
| GT Plan Far East Fnd | 133.4 | 140.5 | +1.7 | — |
| GT Plan N. Am Fd. | 136.8 | 143.5 | -3.8 | — |
| GT Pln UK&G.E. Fnd | 151.8 | 159.8 | -0.1 | — |
| GT Pln Wrldwde Fnd | 156.6 | 164.9 | +0.9 | — |
| GT Pension Bnd Fnd. | 140.2 | 147.6 | -0.5 | — |
| GT Pen High Yld Fd. | 153.3 | 161.4 | -0.8 | — |
| GT Pen Far East Fd. | 165.3 | 174.1 | +2.3 | — |
| GT Pen N. Am. Fd. | 196.9 | 207.3 | -7.8 | — |
| GT Pen UK & G.E. Fd. | 175.6 | 184.9 | +0.2 | — |
| GT Pen Worldwide Fd. | 169.2 | 178.2 | +1.0 | — |

Prices for Accum. Units only

**Assicurazioni GENERALI S.p.A.**
117, Fenchurch St., EC3M 5DY. 01-488 0733

| | | | | |
|---|---|---|---|---|
| Intl. Managed Bond | 170.2 | 179.2 | | — |

**General Portfolio Life Ins. C. Ltd.**
Crossbrook St., Cheshunt, Herts Waltham X 31971

| | | | | |
|---|---|---|---|---|
| Portfolio Fd. Acc. | | 265.0 | | — |
| Portfolio Fd. Init. | | 216.3 | | — |

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

**Gresham Unit Ass. Ltd.**
2-6, Prince of Wales Rd. B'mouth. 0202 767655

| | | | | |
|---|---|---|---|---|
| Managed Fd. | 286.9 | 302.3 | | — |
| Money Fd. | 157.2 | 165.4 | | — |
| Equity Fd. | 245.3 | 258.5 | | — |
| Fixed Int. Fd. | 118.6 | 125.0 | | — |
| Property Fd. | 175.4 | 184.8 | | — |
| Managed Pen. Fd. | 276.2 | 291.0 | +6.4 | — |
| Equity Pension Fd. | 186.2 | 196.2 | -4.7 | — |
| Fixed Int. Pen. Fd. | 168.1 | 177.1 | +1.2 | — |
| High Yield Pen. Fd. | 165.9 | 174.8 | +1.2 | — |
| Money Pension Fd. | 130.8 | 137.7 | +0.2 | — |
| Property Pension Fd. | 129.3 | 136.2 | | — |

**Gresham/Framlington**

| | | | | |
|---|---|---|---|---|
| American & Gen. Fd. | 250.3 | 263.8 | -2.6 | — |
| Income Fd. | 250.3 | 219.9 | +2.7 | — |
| Int'l. Growth Fd. | 279.7 | 294.7 | -1.6 | — |
| Capital Fund | 218.1 | 229.8 | +2.1 | — |
| Recovery Fund | 165.3 | 174.2 | +1.0 | — |

**Growth & Sec. Life Ass. Soc. Ltd.**
48, London Fruit Exchange, E1 6EU 01-377 1122

| | | | | |
|---|---|---|---|---|
| Flexible Finance | 1,536 | — | | — |
| Landbank Secs. | 0.6674 | — | | — |

## OFFSHORE AND OVERSEAS

| | | | | |
|---|---|---|---|---|
| Chinese Fund | 62.8 | 65.3 | | — |
| Precious Metal Fund | 121.7 | 126.7 | | — |
| Vanguard Cmdy. Fd. | 34.2 | 35.1 | | — |
| Financial Futures Fd. | 61.7 | 63.7 | | — |
| Wren Intl. Fnd.* | $0.613 | 0.638 | | — |

### NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s—Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

# COMMODITIES AND AGRICULTURE

## Cocoa prices hit by heavy selling

BY RICHARD MOONEY

COCOA PRICES plunged on the London futures market yesterday as a combination of fundamental and technical factors prompted a speculative sell-off.

The lead was taken from New York's decline overnight and nearby prices quickly registered £40 permissible limit falls. The selling continued when trading resumed after the mandatory 15-minute break and at one time the May position reached £1,862 a tonne.

Despite steadying a little near the close May cocoa ended the day £112 down at £1,876.50 a tonne.

The main fundamental factor encouraging the fall was news that purchases by the Ghana Cocoa Marketing Board in the eighth and ninth weeks of the main crop season had been much bigger than anticipated. Purchases had been going very slowly, but the 54,234 tonnes reported for these two weeks lifted the cumulative total to 112,000 tonnes, not far behind the 125,000 tonnes which had been purchased at the same stage last year.

Traders thought downward pressure had also come from reports of a build-up of unsold Brazilian stocks which was being offered fairly cheaply to the market.

But the size of the fall was generally attributed to technical factors. Some bullish speculators had been trying to keep nearby prices up to the £2,000 level, said one trader, but the sheer weight of long positions built up during the recent upsurge had proved too much. Stop-loss orders had been triggered in the slide and chart indications had been abruptly reversed.

Since rising £600 a tonne late last year cocoa prices have been fluctuating widely in a £250 range, but at least one trader thought the scale of yesterday's setback might have hit bull confidence hard enough to prevent the market from bouncing straight back this time.

## Costa Rica coffee alarm

BY TIM COONE IN SAN JOSE

A NATIONAL emergency has been declared in Costa Rica to fight the coffee fungus disease called roya, or coffee rust.

The disease, which has spread throughout Central America, was first noted in Costa Rica on December 13 last year, and a total of 52 outbreaks have since been reported in the country.

The principal carriers of the disease are man and the wind. However, it is though that fungal spores have been introduced to Costa Rican coffee plantations by rightist guerrillas based in Costa Rica who have been carrying out raids in Nicaragua.

Coffee exports earn Costa Rica some $250m to $300m in foreign exchange per year, around 25 to 30 per cent of total export earnings.

The emergency plan allows for compensation to be paid to farmers whose plantations have been affected by the disease, and for the release of funds for crash training programmes to enable farmers to identify the disease

Roya is causing annual production losses in coffee of up to 20 per cent in other Central American countries and replanting programmes have begun in Nicaragua and Honduras to replace susceptible coffee varieties with resistant ones.

## EEC trade practices attacked as 'unfair'

BRITAIN'S best-known turkey producer yesterday attacked "unfair" trade practices indulged in by some EEC countries and criticised the EEC itself for failing to stop them.

Mr Bernard Matthews told the annual meeting of the British Turkey Federation, of which he is president, that the EEC was "one of the most gigantic fiddles the world has ever seen" and called for the establishment of an international audit organisation to combat cheating.

Member countries openly introduced their own rules to impede intra-community trade, gave illegal subsidies to their own farmers and dumped unwanted produce in other countries, especially the UK, he claimed.

● ZINC producer price rises were announced by AM & S Europe (up $30 to $1,040 a tonne) and Cominco (up $50 to $1,060). On the London Metal Exchange the cash price rose £18.50 to a 9½-year high of £731.50 a tonne and the premium over the three-month quotation widened from £5.25 to £14, highlighting the tightness of nearby supplies.

● RUBBER prices on the London physical market reached their highest level yet yesterday with the RSS No 1 spot position rising 1p to 91p a kilo. Dealers said the recent rise largely reflected buying from a single source in a thin market and had been influenced by the weakness of sterling against the dollar.

● POTATO futures prices for delivery in the spring rose sharply in London yesterday, encouraged by a strengthening in the Dutch market which was in turn linked to Algerian buying interest. The April position ended the day £13.90 up at £199.40 a tonne.

## Covent Garden looks to a blooming future

Barbara Dalzell reports on how the market has developed since its move to Nine Elms

THE Covent Garden Market Authority (CGMA) approaches the 10th anniversary of the move to its Nine Elms site in South London with optimism about the future.

Mr Peter Firmston-Williams, CGMA chairman, looks back on a year in which the market prospered quietly, with a turnover of about £255m. Fruit and vegetables accounted for about £213m and the flower market for the remainder.

Looking ahead, he believes the fruit and vegetable market should be able to deal with the growth of direct sales from producers to supermarkets and that flower sales should continue to expand.

He hopes for growing awareness in the flower trade of how new markets can be developed and existing markets expanded. He believes that self-service flower selling—in supermarkets, at garages, and from street stalls—is likely to increase.

This view of a blooming future for flowers is shared by traders. Mr David Collingridge confirms growing interest from retailers and consumers.

He attributes some of the upsurge in the market to the recession. Flower selling offers the opportunity of low outlay and fast turnaround on an attractive product, and given the nature of street trading, it could also offer certain attractions to those interested in developing the black economy.

He also expects to see considerable growth in pot plant and house plant sales, and notes that the recent expansion of sales in this area has added to the value of the market overall rather than detract from flower sales.

The strength of the flower market is reflected in the pressure on space in the purpose-built, temperature-controlled, three-acre flower market. All available trading space is occupied and tenants are now considering ways of using the area around the perimeter of the market.

The fruit and vegetable market has not been hit by the same demand for space. About 10 per cent of the space available is under-used. The CGMA's long-term objective is full utilisation of space, but it is not pushing for full occupancy because it believes spare space may be needed if one of London's smaller markets closes.

Mr Barrie Collingridge, a fruit and vegetable trader and vice chairman of the Covent Garden Tenants' Association, is reasonably optimistic about long-term prospects.

"There's been a lot of doom and gloom about direct selling to supermarkets, but it shouldn't be that much of a problem."

He sees sales of exotic goods—"queer gear" in Covent Garden parlance—as a growth area. Items such as capsicums, avocados and kiwi fruit were almost unknown a few years ago but sell in increasing numbers today. Mouli, passion fruit or sharons could be moneyspinners of the future.

He also sees potential in increased sales to restaurants and the catering trade—areas unlikely to be seduced by direct selling, which prevents the possibility of viewing and tasting before buying.

Mr Firmston-Willams believes that fruit and vegetable sales could be stimulated by greater public awareness of what the market has to offer. He would like to see the introduction of a retail market, or the market opened to the public on Saturdays.

Another idea is that it could be opened to the public for an hour or so at the end of the day's wholesale trading.

This enthusiasm for public involvement is not widely shared by traders. They are geared to selling in bulk, and the prospect of devising a system to cope with tiny orders as well as large ones lacks immediate charm.

However, there is growing interest in holding some sort of public occasion to celebrate Nine Elms's 10th anniversary. When the market moved, it held an open day on the Sunday before trading started. This attracted 250,000 visitors and indicated a substantial level of interest in the market.

While public interest may be high, there is growing concern about the market's attractions for a new generation of workers. Potential recruits are put off by the unsocial hours, for deliveries begin at 7 pm and trading goes on from 4 am to 11 am.

Mr Firmston-Williams sees a move to more orthodox hours as a solution but finds little support from mhis tenants.

Flower dealer Mr Peter Dowding agrees that there is a problem attracting recruits but argues that those who survive the initial shock of the hours tend to stay.

However, he believes that the problem of buyers facing heavier traffic as they leave the market cannot be overlooked. "The buyers determine trade. If they want to buy and be out of London before the rush hour, then that's when we should sell."

## Montreal to launch lumber futures

By Robert Gibbens in Montreal

THE MONTREAL Exchange, seeking to broaden its business base, is to start trading a lumber futures contract in May. It says the market has broad support from both domestic lumber producers and U.S. wholesalers.

The exchange has set up a mercantile division to handle trading in commodity futures contracts, starting with lumber.

The Montreal Exchange's eastern lumber contract will complement the Chicago Mercantile Exchange lumber contract. This is geared to western production with delivery at Portland, Oregon, and is not suited to the needs of eastern Canada lumber producers or their customers in Canada, the U.S. or Europe.

The contract should be finalised by mid-February. One problem will be transport, since the mills are located near the resource.

There will be two delivery points: one at Windsor, Ontario, and the other at Palmer, Massachusetts. Both are international terminal points for lumber moving by rail.

The contract will cover construction lumber, and the basis could be surface-dried 2 x 4s spruce-pine-fir manufactured in eastern Canada or northern New England, in lots of 130,000 board feet, quoted in U.S. dollars.

International Commodities Clearing House of London, owned by six British banks, will clear mercantile division contracts, and will set up a Montreal office integrating Montreal into its global network and setting up a direct clearing link between Montreal and London.

Any ICCH member will be able to have commodity futures contracts traded on the Montreal Exchange or the London markets cleared either in London or Montreal.

## Singapore refuses to act on tin smuggling appeal

BY CHRISTOPHER SHERWELL IN SINGAPORE

SINGAPORE has again refused to close a local tin smelter or limit imports and re-exports of tin ore to help curb persistent smuggling of tin from neighbouring Malaysia, Indonesia and Thailand.

A statement yesterday from Singapore's Department of Trade and Industry made in response to a recent appeal by the Association of Tin Producing Countries said the Government could not act against Kimetal, the country's single smelting company, without affecting investor confidence.

Neither could the Government take upon itself the responsibility of implementing exports quotas or collecting export duties for tin-producing countries, the statement indicated.

This amounts to a reaffirmation of Singapore's strongly independent line over tin smuggling despite its alliance with its neighbours through the Association of South East Asian Nations.

Malaysia, Indonesia and Thailand, which together account for the bulk of world tin exports, have all expressed concern that smuggling through Singapore is depressing world prices and undermining producers' attempts to limit exports.

Dr Mahathir Mohamed, Prime Minister of Malaysia, who recently complained in the U.S. about the effect of Washington's sales from its tin stockpile, officially voiced displeasure over tin smuggling in a meeting with Lee Kuan Yew, Prime Minister of Singapore, in August 1982.

Yesterday's statement made clear that it was repeating what Dr Mahathir was told at that time. It added, however, that Singapore had told President Suharto of Indonesia, who also raised the subject with Lee last month, that the Government would not allow another smelter to open in Singapore if the existing one closed down.

## PRICE CHANGES

| In tonnes unless stated otherwise | Jan. 31 1984 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £1100 | ...... | £1100 |
| Free Mkt | $1530/560 | ...... | $1580/610 |
| **Copper** | | | |
| Cash h Grade | £993 | +5.25 | £1002 |
| 3 mths | £1017.25 | +5.5 | £1028.25 |
| Cash Cathode | £984.5 | +5 | £982.5 |
| 3 mths | £1003.75 | +5.5 | £1008.5 |
| Gold troy oz. | $373.125 | +3.25 | $380.875 |
| Lead Cash | £279 | +0.5 | £285.25 |
| 3 mths | £286.25 | +0.5 | £305.25 |
| Nickel | £4945 | ...... | £4813 |
| Free Mkt | 207/227c | ...... | 205/225c |
| Palladium oz. | $160.75 | +2.5 | $158.75 |
| Platinum oz. | £274.55 | +2.05 | £270.35 |
| Quick silver† | $302/308 | ...... | $305/310 |
| Silver troy oz. | 600.65p | +11.60 | 624.30p |
| 3 mths | 614.10p | +11.55 | 638.00p |
| Tin cash | £8635 | +10 | £8465 |
| 3 months | £8790.5 | +8 | £8630.5 |
| Tungsten | $74.41 | ...... | $74.70 |
| Wolfram22.04lb | $74/78 | ...... | $71/75 |
| Zinc | £731.5 | +18.5 | £630 |
| 3mths | £717.5 | +12.75 | £640.5 |
| Producers | $1,010-060 | ...... | $980 |

| | Jan. 31 1984 | + or — | Month ago |
|---|---|---|---|
| **Oils** | | | |
| Coconut (Phil) | $1120v | ...... | $1045 |
| Groundnut | ‡ | ...... | ‡ |
| Linseed Crude | £444w | ...... | ‡ |
| Palm Malayan | $805u | —5 | $750 |
| **Seeds** | | | |
| Copra Phil | $720v | ...... | $685 |
| Soyabean(U.S.) | $299.60v | ...... | $334 |
| **Grains** | | | |
| Barley Fut.May | £120.20 | +0.25 | £122.85 |
| Maize | £145.50w | ...... | £149.00 |
| Wheat Fut.May | £122.05 | +0.65 | £122.20 |
| No 2 Hard Wint | ‡ | ...... | ‡ |
| **Other commodities** | | | |
| Cocoa ship't* | £1946 | —105 | £2124 |
| Futures May | £1876.5 | —112 | £2031 |
| Coffee Ft.Mart | £2088.5 | +6 | £1899.5 |
| Cotton A Index | 88.00c | +0.4 | 89.15c |
| Gas Oil Feb | $252.5 | +1.75 | $247.75 |
| Rubber (kilo) | 91p | +1 | 85p |
| Sugar (raw) | £126.5yz | +2.5 | £122 |
| Woolt'ps 64s | 466p kilo | ...... | 438pkilo |

‡ Unquoted. u April. w Feb. z March. x May. v Feb-March. y Jan-Feb. † Per 75-lb flask. * Ghana cocoa. n Nominal. c Cent per pound.

## LONDON OIL

The market opened $1.00 down on February and after testing the morning's lows attracted buying interest. Further buying in good volume rallied the market. Following New York opening firmer, London rallied towards the close, reports Premier Man.

### CRUDE OIL FUTURES

| Month | Yest'day's close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per brl | | |
| Feb | — | — | — |
| Mar | 29.20 | —0.10 | 29.28 |
| Apr | 29.15 | — | 29.15 |
| May | 29.05 | —0.08 | 29.05 |
| June | 28.87 | —0.08 | — |
| July | 28.87 | —0.08 | — |

Turnover: 52 (60) lots of 1,000 barrels.

### SPOT PRICES

| | Latest | Change + or — |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel) | | |
| Arabian Light | 28.55-28.65 | —0.05 |
| Iranian Light | 27.70-27.85 | — |
| Arab Heavy | 26.35-26.45 | — |
| North Sea (Forties) | 29.55-29.85 | —0.05 |
| North Sea (Brent) | 29.65-30.00 | +0.42 |
| African(BonnyLi'ht) | 29.45-29.80 | —0.03 |
| PRODUCTS—North West Europe ($ per tonne) | | |
| Premium gasoline | 268-271 | —1 |
| Gas Oil | 257-264 | —3.5 |
| Heavy fuel oil | 174-179 | —0.5 |

### GAS OIL FUTURES

| Month | Yest'day's close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| Jan | 253.00 | —2.00 | 253.00 |
| Feb | 252.50 | +1.75 | 252.50-249.2 |
| Mar | 246.25 | +3.00 | 246.25-242.5 |
| April | 240.00 | +2.75 | 240.00-236.7 |
| May | 236.50 | +2.25 | 236.00-233.5 |
| June | 236.75 | +4.00 | 236.25-234.5 |
| July | 235.50 | +1.50 | 235.00-233.0 |
| Aug | 239.00 | +2.00 | — |
| Sept | 241.00 | +0.75 | — |

Turnover: 2,346 (2,359) lots of 100 tonnes.

## GOLD MARKETS

Gold rose $3½ to $372½-373½ on the London bullion market yesterday. The metal opened at $370-370¾, and was fixed at $371.90 in the morning, and $373.75 in the afternoon. It touched a peak of $374½-375 and a low of $370-370¾ at the opening.

In Paris the 12½ kilo gold bar was fixed at FFr 103,100 per kilo ($372.46 per ounce) in the afternoon, compared with FFr 103,000 ($372.12) in the morning, and FFr 102,400 ($369.93) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,690 per kilo ($372.52 per ounce), against DM 33,390 ($368.97), and closed at $373½-374, compared with $369½-370½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $372 per ounce, against $369.

In Zurich gold finished at $373½-373¾, compared with $370-370½.

### LONDON FUTURES

| Month | Yest'day's close | + or — | Business Done |
|---|---|---|---|
| | $ per troy ounce | | |
| Feb | 373.50-74.00 | +3.65 | 374.00 |
| April | 378.80-79.00 | +3.00 | 380.70-78.40 |
| June | 384.90-85.50 | +3.40 | 385.50 |
| Aug | 391.00-91.70 | +3.35 | — |
| Oct | 397.50-98.50 | +3.50 | — |
| Dec | 404.00-05.00 | +3.75 | — |

Turnover: 645 (329) lots of 100 troy ounces.

| | Jan. 31 | | Jan. 30 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $372¼-373¼ | (£266¼-266¾) | $369½-370¼ | (£262½-263) |
| Opening | $370-370¾ | (£265-265½) | $369-369¾ | (£262½-263) |
| Morning fixing | $371.90 | (£264.980) | $369.25 | (£262.531) |
| Afternoon fixing | $373.75 | (£266.261) | $369.85 | (£262.771) |

| **Gold and Platinum Coins Jan. 31** | | | | | |
|---|---|---|---|---|---|
| Krugrnd | $383¾-384½ | (£274-274½) | King Sov | $90½-92 | (£64¾-65¾) |
| ½ Krug. | $198-198¾ | (£141½-141¾) | Victoria Sov | $90½-92 | (£64¾-65¾) |
| ¼ Krug. | $101-101¾ | (£72-72½) | French 20s | $74-75¾ | (£52¾-54) |
| 1/10 Krug. | $41¼-42 | (£29½-30) | 50 Pesos Mex | $460-462 | (£328¼-329¾) |
| Mapleleaf | $383¾-384¼ | (£274-274½) | 100 Cor-Aust | $363-367 | (£259-262) |
| New Sov | $87½-88¼ | (£62½-63) | $20 Eagles | $530-540 | (£378¼-385½) |
| ½ New Sov | $52½-53¼ | (£37½-38) | Noble (Plat.) | $395½-400 | (£282½-285½) |

## EUROPEAN MARKETS

ROTTERDAM, January 31.

Wheat—(U.S.$ per tonne): U.S. Two Red Winter Feb 151.50, March 152, April 153.50, May 154, Mid-June/mid-July 145.75. U.S. Two Northern Spring 14 per cent protein Feb 190, March 191, April/May 10 177.50, April/May 176, May 177.50, June 175, July 175, Aug 172, Sept 170. U.S. Three Amber Durum Feb 206, March 208, April/May 192, June 192, July 191, Aug 188, Sept 183. Canadian Western Spring April/May 208, June 205.

MAIZE—(U.S. $ per tonne): U.S. Three yellow Feb 153.50, March 152, April/June 153, July/Sept 152, Oct/Dec 140 sellers.

Sugar—(FFr per tonne): Mar 1760/1765, May 1830/1835, Aug 1830/1835, Oct 1995/2015, Dec 2095/2105, Mar 2210/2230.

PARIS, Jan 31.

Cocoa—(FFr per 100 kg): Mar 2260/2268, May 2360 limit-down ask, July 2360 limit-down ask, Sept 2350 limit-down ask, Dec 2290 limit-down ask, Mar 2290 limit-down ask, May 2290 limit-down ask.

## BRITISH COMMODITY PRICES

### BASE METALS

ZINC VALUES continued to move ahead strongly on the London Metal Exchange following a number of U.S. and European producer price rises. The recent shortage of nearby supplies became more acute with the backwardation widening to £15 at one point prior to closing the day at £13. Forward zinc touched a day's high of £718 before closing at £716.25. Other metals moved narrowly and generally closed with minor gains. COPPER was finally £1,017, TIN £8,770, LEAD £288, ALUMINIUM £1,108 and NICKEL £3,401.

### COPPER

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| High Grde | £ | £ | £ | £ |
| Cash | 986.5-7 | —1.5 | 992.5-3.5 | +5.25 |
| 3 months | 1010.5-1 | —2 | 1017-.5 | +5.5 |
| Settlem't | 987 | —1.5 | — | — |
| Cathodes | | | | |
| Cash | 979-.5 | —1.25 | 984-5 | +5 |
| 3 months | 997-8 | —2 | 1003.5-4 | +5.5 |
| Settlem't | 979.5 | —1.5 | — | ...... |
| U.S. pro'd | — | — | *65-70 | ...... |

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £986, 86.50, 87, three months £1,012, 11.50, 11, 10, 10.50, 10, 10.50. Cathodes: Cash £979, 80, 79.50, three months £997. Kerb: Higher Grade: Three months £1,012, 13, 13.50, 14. Afternoon: Higher Grade: Three months £1,014, 14.50, 15, 15.50, 15, 16, 16.50, 17. Kerb: Higher Grade: Three months £1,017.50, 16.50, 17, 17.50, 18, 17.50, 17, 16.50, 17. Turnover: 24,625 tonnes.

### TIN

| TIN | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| High Grde | £ | £ | £ | £ |
| Cash | 8675-80 | —27.5 | 8700-5 | —25.5 |
| 3 months | 8800-2 | —6.5 | 8821-30 | +5.5 |
| Settlem't | 8680 | —30 | — | ...... |
| Standard | | | | |
| Cash | 8600-5 | —10.7 | 8630-40 | +10 |
| 3 months | 8770-1 | —5 | 8790-1 | +8 |
| Settlem't | 8605 | —10 | — | ...... |
| Straits E. | $29.15 | — | — | ...... |
| New York | | | | |

Tin—Morning: Standard: Cash £8,600, 01, 05, three months £8,785, 80, 71, 70. High Grade: Cash £8,680, 70, 75, three months £8,800. Kerb: Standard: Three months £8,771, 75. Afternoon: Standard: Three months £8,780, 85, 90. High Grade: Cash £8,705, 8,700. Kerb: Standard: Three months £8,780, 75, 70. Turnover: 1,845 tonnes.

### LEAD

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 280-.5 | —.25 | 278.5-9.5 | +.5 |
| 3 months | 286.5-7 | —1 | 288-.5 | +.5 |
| Settlem't | 280.5 | —.5 | ...... | ...... |
| U.S. Spot | — | ...... | *24-28 | ...... |

Lead—Morning: Cash £279, 78.50, 80. Three months £288, 86, 85.50, 86, 86.50. Kerb: Three months £286.50. Afternoon: Cash £279. Three months £287, 86, 85.50, 86, 86.50, 86. Kerb: Three months £286, 87, 87.50, 88. Turnover: 7,925 tonnes.

### ZINC

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 717.5-8 | —1.25 | 731-2 | +18.5 |
| 3 months | 710.5-1 | +3 | 717-8 | +12.7 |
| Settlem't | 718 | —2 | — | ...... |
| Primw'ts | — | ...... | *49-51 | ...... |

Zinc—Morning: Three months £713, 12, 12.50, 12, 10.50, 10, 10.50, 11. Kerb: Three months £712. Afternoon: Cash £720, three months £713, 16, 15, 14, 14.50, 15, 16, 17. Kerb: Three months £716, 15.50, 16, 17, 18, 19, 18, 17, 16, 17, 16.50. Turnover: 20,675 tonnes.

### ALUMINIUM

| Aluminim | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 1080.5-1.5 | +2.75 | 1082.5-3.5 | +7.5 |
| 3 months | 1108-.5 | +1 | 1110-.5 | +7 |

Aluminium—Morning: Cash £1,081, three months £1,109, 8.50, 7, 8, 7.50, 8, 8.50, 9, 8, 7.50, 8, 8.50. Kerb: Three months £1,108, 10, 9. Afternoon: Three months £1,110, 9, 8.50, 9, 9.50, 10. Kerb: Three months £1,110, 9, 8. Turnover: 11,350 tonnes.

### NICKEL

Nickel — Morning: Three months £3,410, 5, 9, 7, 5, 2. Kerb: Three months £3,402, 5. Afternoon: Three months £3,406, 8, 7, 6, 7. Kerb: Three months £3,400, 3,397. Turnover: 822 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| Spot | 3320-1 | +5.5 | 3320-4 | +1.5 |
| 3 months | 3402-3 | +5 | 3405-7 | +7.5 |

* Cents per pound. $ MS per kilo. † On the previous unofficial close.

### WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse 2,525-2,595.

BISMUTH: European free market, min 99.99 per cent, $ per pound, tonne lots in warehouse 1.63-1.75.

CADMIUM: European free market, min 99.95 per cent, $ per pound, in warehouse, ingots 0.85-0.88, sticks 0.86-0.89.

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse 6.80-6.90.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 295-308.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per pound Mo, in warehouse 3.60-3.70.

SELENIUM: European free market, min 99.5 per cent, $ per pound.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit $WO_3$, cif 74-77.

VANADIUM: European free market, min 98 per cent $V_2O_5$, other sources, $ per pound $V_2O_5$, cif 2.20-2.25.

Producer list price for selected metals as recorded in Metal Bulletin

ALUMINIUM: World: virgin ingots Alcan, min 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam, 1,750.

BISMUTH: UK: MCP-Peko, 99.99 per cent, $ per pound, tonne lots, ex-warehouse 2.30.

COBALT: World, Zaire: Sozacom, $ per pound 12.50.

NICKEL: World, Inco, melting grade, $ per pound, cif Far East and America, delivered rest of world 3.20.

URANIUM: Nuexco exchange value, $ per pound $U_3O_8$ 22.00.

VANADIUM: Highveld fused, min 98 per cent $V_2O_5$, $ per pound $V_2O_5$, cif 2.30.

ZINC: GOB producer basis, $ per tonne 1,010.

### SILVER

Silver was fixed 11.6p an ounce higher for spot delivery in the London bullion market yesterday at 600.65p. U.S. cent equivalents of the fixing levels were: spot 843.0c, up 14.5c; three-month 862.9c, up 14.3c; six-month 885.2c, up 15.2c; and 12-month 930.4c, up 14.6c. The metal opened at 594½-597½p (836-840c) and closed at 605-608p (847-851c).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 600.65p | +11.6 | — | ...... |
| 3 months | 614.10p | +11.5 | — | ...... |
| 6 months | 629.55p | +12.1 | 605.5p | +19 |
| 12months | 659.65p | +11.7 | 619.25p | +17 |

LME—Silver (2,000 oz contract): Three months 605p (601.25p). Turnover: 2 (2).

Turnover: 160 (99) lots of 10,000 ozs. Morning: Large three months 614.5, 15.0, 17.5, 18.0, 17.0. Kerb: large three months 617.0, 16.5. Afternoon: large three months 618.0, 19.0, 20.0: small three months 618.0. Kerb: three months large 619.0, 20.0.

### COCOA

ICCO Indicator prices (U.S. cents per pound). Daily prices for Jan 31: 116.29 (123.02): five-day average for Feb 1: 121.55 (122.72).

| COCOA | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| March | 1883-85 | —105.5 | 1967-73 |
| May | 1875-78 | —112.0 | 1958-62 |
| July | 1852-55 | —111.0 | 1938-48 |
| Sept | 1843-44 | —108.0 | 1916-40 |
| Dec | 1816-17 | —88.0 | 1876-10 |
| March | 1808-10 | —79.5 | 1860-05 |
| May | 1800-03 | —76.0 | 1802 |

Sales 11,810 (4,877) lots of 10 tonnes.

### COFFEE

During a quiet morning London traded lower in light volume, reports Drexel Burnham Lambert. The losses were gradually erased on sell orders, and commission house buying encouraged a £20 rally. Spot January expired £27 higher while other positions settled around the daily highs.

| COFFEE | Yest'day's Close | + or — | Business Done |
|---|---|---|---|
| January | — | — | 2098-60 |
| March | 2087-90 | +6.0 | 2092-68 |
| May | 1979-80 | +11.5 | 1982-62 |
| July | 1920-22 | +10.0 | 1922-04 |
| Sept | 1882-85 | +8.5 | 1880-68 |
| Nov | 1850-52 | +14.5 | 1851-38 |
| January | 1830-33 | +9.5 | 1820-10 |

Sales: 3,561 (1,098) lots of 5 tonnes.

ICO Indicator prices (U.S. cents per pound) for Jan 30: Comp. daily 1979 139.73 (140.36); 15-day average 138.84 (138.63).

### GRAINS

Old crop wheat gradually improved throughout the day in thin trade. Barley struggled, with early shipper selling easing values, but found light mixed buying in late trading. New crops also improved slightly, reports Muirpace.

| WHEAT Mnth | Yesterd'ys close | + or — | BARLEY Yest'rd'ys close | + or — |
|---|---|---|---|---|
| Mar | 119.95 | +0.35 | 118.80 | +0.10 |
| May | 122.05 | +0.65 | 120.20 | +0.25 |
| July | 123.10 | +0.90 | — | — |
| Sept | 106.35 | +0.25 | 106.70 | +0.10 |
| Nov | 111.40 | +0.10 | 109.75 | +0.05 |

Business done—Wheat: March 120.10-119.70, May 122.05-121.60, July 123.00-122.50, Sept 106.35-106.10, Nov 111.40-111.25. Sales: 224 lots of 100 tonnes. Barley: March 118.85-118.50, May 120.20-119.80, Sept 106.70-106.60, Nov 109.70 only. Sales: 174 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: S East £119.60, N West 117.80. The UK monetary coefficient for the week beginning Monday February 6 (based on HGCA calculations using five day's exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring, No. 1, 14 per cent: Feb 148, March 146.75, April/May 136.75 transhipment East Coast. English feed, fob: Feb 123.50, March 124, April/June 125.75 East Coast. Maize: French: Feb 145.50, 1st half March 146 transhipment East Coast. Barley: English feed, fob: Feb 122.75, March 123.25, April/June 125 East Coast. Rest unquoted.

### POTATOES

With Algerian import interest firming Dutch prices and some areas reporting slightly higher physical prices, London opened strong, touching stop-loss levels, and with heavy short-covering prices rose sharply to close steady just off the highs, reports Coley and Harper.

| Month | Yesterdy's close | Previous close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Feb | 151.00 | 149.50 | 151.50-150.5 |
| April | 199.40 | 185.50 | 200.80-188.0 |
| May | 211.00 | 197.00 | 211.00-205.0 |
| Nov | — | 77.00 | — |
| Feb | — | 87.30 | — |

Sales: 1,710 (1,551) lots of 40 tonnes.

### RUBBER

The London physical market opened about unchanged, attracted some covering interest throughout the day, and closed quiet but steadier, reports Lewis and Peat. The Kuala Lumpur February fob price for RSS No. 1 was 266.55 (266.0) a kg and SMR 20 230.5 (229.0).

| No. 1 R.S.S. | Yesterdy's close | Previous close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Mch | 913-920 | 902-910 | — |
| Apr. | 914-919 | 910-907 | — |
| Apl-Jne | 920-921 | 916-918 | 920-916 |
| Jly-Sept | 932-933 | 927-928 | 932-926 |
| Oct-Dec | 943-944 | 938-940 | 940 |
| JanMch | 953-955 | 949-950 | — |
| Apl-Jne | 965-968 | 961-963 | — |
| Jly-Sept | 978-980 | 974-975 | — |
| Oct-Dec | 992-999 | 985-998 | — |

Sales: 120 (81) lots of 15 tonnes: nil (4) lots of 5 tonnes.

Physical closing prices (buyers) spot 91.00p (90.00p); March 91.00p (90.75p); April 91.50p (91.25p).

### SOYABEAN MEAL

The market opened £1 higher in thin trade, reports T G. Roddick. Prices eased on commission house selling.

| | Yestday's close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Feb | 153.00-69.00 | —1.50 | — |
| April | 163.00-65.40 | —1.40 | 164.00-65.60 |
| June | 163.70-65.60 | —0.50 | 155.70 |
| August | 163.00-64.00 | —0.40 | 164.00-65.00 |
| October | 163.00-64.50 | +1.50 | 164.00 |
| Dec | 164.00-65.00 | —0.75 | — |
| Feb | 164.50-69.00 | —1.55 | — |

Sales: 93 (84) lots of 100 tonnes.

### SUGAR

LONDON DAILY PRICE—Raw sugar £126.50 ($177.50), up £2.50 a tonne for Jan-Feb-March shipment. White sugar $205.00, up $2.00.

In a market lacking fresh news, prices tended to drift, reports C. Czarnikow.

| No. 4 Contract | Yestday's close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Mar | 157.25 | 154.50-54.75 | 158.00-54.25 |
| May | 142.60 | 159.25 | 146.00-59.00 |
| **No. 6 Contract** | **$ per tonne** | | |
| Mar | 195.80-95.40 | 189.20-88.80 | 194.80-89.40 |
| May | 200.00-00.20 | 196.00-96.20 | 201.80-99.80 |
| Aug. | 208.20-08.60 | 204.40-04.60 | 210.00-06.40 |
| Oct | 216.80-17.20 | 212.20-12.60 | 217.00-12.60 |
| Dec. | 222.80-24.80 | 218.20-19.80 | — |
| Mar. | 239.00-39.40 | 234.80-36.00 | 239.00 |
| May | 247.00-48.00 | 242.00-44.00 | 247.00-46.80 |

Sales: No 4 2,462 (2,039); No 6 1,147 (1,410) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £233.50 (£230.75) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for Jan 27: Daily price 6.93 (6.97); 15-day average 6.98 (6.97).

### INDICES

**FINANCIAL TIMES**

| Jan. 30 | Jan. 27 | M'th ago | Y'ar ago |
|---|---|---|---|
| 296.50 | 295.71 | — | 255.45 |

(Base: July 1 1952=100)

**REUTERS**

| Jan. 31 | Jan. 30 | M'th ago | Y'ar ago |
|---|---|---|---|
| 1994.6 | 1993.0 | 1980.0 | 1667.8 |

(Base: September 18 1931=100)

**MOODY'S**

| Jan. 30 | Jan. 27 | M'th ago | Year ago |
|---|---|---|---|
| 1066.9 | 1049.8 | 1058.4 | 1064.2 |

(Base: December 31 1931=100)

**DOW JONES**

| Dow Jones | Jan. 30 | Jan. 27 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 136.82 | 139.1 | 140.1 | 146.67 |
| Fut's | 139.03 | 136.12 | 143.34 | 151.36 |

(Base: September 18 1931=100)

### WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Jan expired, 430; Mar 440, 447, 445-42; May 460, 462, 465-460; Aug 485, 487, 489-486; Oct 482, 487, 490-485; Dec 484, 488, 493-486; Jan 484, 491, 482-487; Mar 488, 499, 493-493; May 485, 499, 500-496. Sales: 228.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 578.5, 579.0, 579.0-578.5; May 590.0, 591.0, 590.0-588.0; July 601.0, 603.0, 606.0-603.0; Oct 585.0, 587.0, untraded; Dec 594.0, 595.0, 596.0-591.0; March 609.0, 611.0, 612.0-610.0; May 617.0, 618.0, 620.0-617.0; July 628.0, 629.0, 629.0. Sales: 102.

### COTTON

LIVERPOOL—Spot and shipment sales amounted to 382 tonnes. Useful demand came forward and the offtake looked more encouraging. Operations centred on African and American types with some interest displayed in Turkish styles.

### MEAT/FISH

GRIMSBY FISH — Supply poor, demand fair. Prices at ship's side (unprocessed) per stone: shelf cod £4.00-5.00, codlings £3.00-4.00; large plaice £4.00-4.60, medium £3.00-4.20, best small £3.70-4.30; skinned dogfish (medium) £10.00; lemon soles large £14.00, small £9.00. rockfish £3.60.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.53p per kg lw (−1.51). GB—Sheep 173.27p per kg est dcw (+2.91). GB—Pigs 77.02p per kg lw (−1.44).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package unless otherwise stated. English produce: Apples — Per pound Cox's 0.18-0.30, Ida Red 0.10-0.14, Golden Delicious 10.00-12.00, Bramley 0.16-0.21, Spartan 0.14-0.18, Laxton 0.12-0.15. Pears—Per pound Comice 0.15-0.22, Conference 0.10-0.18. Potatoes—Whites 4.20-4.60, Edwards 4.80-5.20, Bakers 7.50-8.00. Mushrooms—Per pound open 0.55-0.65, closed 0.70-0.80. Lettuce—Per tray round 1.80-2.80.

## AMERICAN MARKETS

NEW YORK, January 31

Gold and silver values rose on short-covering as key technical points were breached, touching off stop-loss buying, reports Heinold Commodities. Copper was firm on a drop in U.S. refiners' stocks and a 6 per cent increase in U.S. leading indicators. Sugar was slightly lower as commission house liquidation developed on the market's failure to react to reports of Soviet and Cuban buying interest. Cocoa fell sharply as Ghana's purchase figure from farmers was higher than expected. Coffee was generally steady on a lack of trade selling. Cotton was firm on a drop in exchange stocks along with reports of export demand. Heating oil traded erratically higher with the nearby position remaining strong on tightness in nearby supplies, while the back months were firm on expectations of a bullish inventory report. Maize was supported ahead of overnight tender activity while soyabeans and wheat were marginally lower on commission house selling.

### NEW YORK

**ALUMINIUM 40,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 74.10 | 74.20 | 74.00 | 73.80 |
| May | 75.00 | 75.00 | 74.80 | 74.70 |
| July | 76.10 | — | — | 75.80 |
| Sept | 77.20 | 76.90 | 76.90 | 76.90 |
| Dec | 78.85 | — | — | 78.55 |
| Jan | 79.40 | — | — | 79.10 |
| March | 80.50 | — | — | 81.20 |
| May | 81.60 | — | — | 81.30 |
| July | 82.70 | — | — | 82.40 |

**COCOA 10 tonnes, $/tonnes**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| March | 2515 | 2568 | 2492 | 2624 |
| May | 2502 | 2535 | 2502 | 2590 |
| July | 2482 | 2510 | 2482 | 2570 |
| Sept | 2465 | 2484 | 2462 | 2550 |
| Dec | 2424 | 2460 | 2424 | 2512 |
| March | 2399 | 2399 | 2399 | 2487 |
| May | 2394 | 2394 | 2394 | — |

**COFFEE "C" 37,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 142.44 | 42.85 | 42.10 | 42.61 |
| May | 137.05 | 37.75 | 36.70 | 37.18 |
| July | 133.78 | 34.90 | 33.76 | 34.45 |
| Sept | 131.75 | 33.00 | 31.75 | 32.68 |
| Dec | 129.80 | 30.75 | 29.95 | 30.23 |
| March | 127.88 | 28.05 | 27.75 | 28.13 |
| May | 126.00 | 26.50 | 26.00 | 27.01 |

**COPPER 25,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | 63.85 | 63.35 | 63.05 | 62.45 |
| March | 64.40 | 64.60 | 63.35 | 63.05 |
| April | 65.05 | — | — | 63.65 |
| May | 65.70 | 65.80 | 64.65 | 64.30 |
| July | 67.00 | 67.00 | 65.95 | 65.60 |
| Sept | 68.35 | 68.40 | 67.30 | 66.95 |
| Dec | 70.40 | 69.90 | 69.35 | 69.00 |
| Jan | 71.10 | 70.20 | 70.20 | 69.70 |
| March | 72.45 | 71.90 | 71.60 | 71.05 |
| May | 73.75 | — | — | 72.36 |

**COTTON 50,000 lb, cents/lb**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| March | 77.44 | 77.55 | 76.31 | 76.30 |
| May | 77.20 | 77.20 | 76.35 | 76.35 |
| July | 76.75 | 76.89 | 76.20 | 76.02 |
| Oct | 73.25 | 73.35 | 72.79 | 72.75 |
| Dec | 71.60 | 71.95 | 71.35 | 71.41 |
| March | 73.10 | 73.10 | 72.80 | 72.50 |
| May | 73.74 | 73.74 | 73.74 | 73.25 |

**CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| March | 29.99 | 30.09 | 29.86 | 29.89 |
| April | 29.65 | 29.77 | 29.47 | 29.50 |
| May | 29.50 | 29.62 | 29.28 | 29.28 |
| June | 29.46 | 29.53 | 29.20 | 29.17 |
| July | 29.40 | 29.47 | 29.17 | 29.11 |
| Aug | 29.20 | 29.20 | 29.20 | 29.05 |
| Sept | 29.30 | 29.50 | 29.50 | 29.06 |
| Oct | 29.45 | 29.45 | 29.45 | 29.00 |
| Nov | 29.46 | 29.45 | 29.45 | 29.00 |
| Dec | 29.46 | 29.45 | 29.45 | 29.00 |

**GOLD 100 troy oz, $/troy oz**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | 373.8 | 375.5 | 372.0 | 370.2 |
| March | 376.2 | — | — | 372.9 |
| April | 379.2 | 381.0 | 377.4 | 375.8 |
| June | 385.3 | 386.5 | 383.0 | 381.8 |
| Aug | 391.6 | 392.3 | 389.0 | 388.0 |
| Oct | 398.2 | 398.3 | 396.5 | 394.6 |
| Dec | 404.9 | 406.0 | 403.0 | 401.2 |
| Feb | 411.9 | 411.7 | 411.0 | 408.1 |
| April | 419.0 | 420.0 | 420.0 | 415.1 |
| June | 426.5 | — | — | 422.5 |
| Aug | 434.1 | 431.5 | 431.5 | 430.1 |
| Oct | 442.1 | — | — | 438.0 |
| Dec | 450.2 | — | — | 446.0 |

**HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Feb | 101.25 | 103.30 | 100.50 | 100.95 |
| March | 86.90 | 87.80 | 85.50 | 87.42 |
| April | 77.60 | 78.35 | 76.30 | 76.46 |
| May | 75.20 | 76.10 | 74.20 | 74.16 |
| June | 75.25 | 75.90 | 74.00 | 74.20 |
| July | 75.30 | 75.80 | 74.40 | 74.30 |

**ORANGE JUICE 15,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 156.75 | 57.00 | 55.50 | 56.70 |
| May | 156.75 | 57.00 | 56.00 | 56.75 |
| July | 156.85 | 57.00 | 56.00 | 57.00 |
| Sept | 156.95 | 57.00 | 56.10 | 57.00 |
| Nov | 155.50 | 56.00 | 54.60 | 55.80 |
| Jan | 151.70 | 52.10 | 51.50 | 52.30 |
| March | 151.50 | 51.10 | 51.00 | 51.90 |
| May | 151.50 | — | — | 51.90 |

**PLATINUM 50 troy oz, $/troy oz**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | 385.3 | — | — | 382.5 |
| April | 391.3 | 391.8 | 387.5 | 388.5 |
| July | 398.0 | 398.0 | 396.0 | 395.2 |
| Oct | 404.8 | 405.0 | 401.5 | 402.0 |
| Jan | 411.8 | 411.0 | 411.0 | 409.0 |
| April | 419.0 | — | — | — |

**SILVER 5,000 troy oz, cents/troy oz**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | 860.5 | 853.0 | 846.0 | 835.8 |
| March | 866.0 | 869.0 | 847.0 | 842.0 |
| April | 873.2 | — | — | 849.0 |
| May | 880.4 | 883.0 | 861.0 | 856.1 |
| July | 894.9 | 895.0 | 877.0 | 870.3 |
| Sept | 909.7 | 905.0 | 893.0 | 884.8 |
| Dec | 932.9 | 929.0 | 913.0 | 907.0 |
| Jan | 940.9 | — | — | 914.8 |
| March | 956.9 | 950.0 | 945.0 | 930.8 |
| May | 973.6 | — | — | 946.8 |

**SUGAR WORLD "11" 112,000lbs cents/lbs**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 7.50 | 7.61 | 7.42 | 7.5 |
| May | 7.82 | 7.88 | 7.70 | 7.8 |
| July | 8.14 | 8.20 | 8.05 | 8.1 |
| Sept | 8.40 | 8.41 | 8.29 | 8.4 |
| Oct | 8.53 | 8.61 | 8.45 | 8.6 |
| Jan | 9.23 | 9.20 | 9.20 | 9.2 |
| March | 9.56 | 9.60 | 9.46 | 9.6 |
| May | 9.82 | 9.82 | 9.82 | 9.8 |

### CHICAGO

**LIVE CATTLE 40,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | 68.40 | 68.95 | 67.65 | 69.0 |
| April | 66.12 | 66.90 | 65.85 | 67.1 |
| June | 66.05 | 66.90 | 65.77 | 67.2 |
| Aug | 64.65 | 65.22 | 64.32 | 65.7 |
| Oct | 62.42 | 63.10 | 62.35 | 63.4 |
| Dec | 63.47 | 64.10 | 63.25 | 64.4 |

**LIVE HOGS 30,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | 50.87 | 51.75 | 50.60 | 51.5 |
| April | 46.80 | 47.80 | 46.75 | 48.2 |
| June | 52.75 | 53.90 | 52.70 | 54.2 |
| July | 54.17 | 54.90 | 53.82 | 55. |
| Aug | 53.85 | 54.50 | 53.47 | 54. |
| Oct | 51.55 | 51.95 | 51.50 | 52.0 |
| Dec | 52.75 | 53.35 | 52.72 | 53. |
| Feb | 52.05 | 52.05 | 52.06 | 52.4 |
| April | 51.10 | 51.10 | 51.10 | 51. |

**MAIZE 5,000 bu min, cents/56-lb bushel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 329.0 | 329.6 | 327.6 | 328 |
| May | 332.6 | 333.6 | 331.2 | 332 |
| July | 332.4 | 333.6 | 331.2 | 331 |
| Sept | 303.2 | 304.2 | 302.6 | 304 |
| Dec | 288.0 | 288.6 | 285.0 | 288 |
| March | 296.4 | 298.0 | 296.4 | 298 |
| May | 301.6 | 301.6 | 301.6 | 304 |

**PORK BELLIES 38,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | 65.60 | 66.50 | 65.42 | 67. |
| March | 66.10 | 67.00 | 66.02 | 68. |
| May | 67.27 | 68.40 | 67.15 | 69. |
| July | 68.47 | 69.20 | 68.15 | 70 |
| Aug | 66.50 | 67.60 | 66.35 | 68. |

**SOYABEANS 5,000 bu min, cents/60-lb bushel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 730.0 | 738.0 | 729.0 | 73 |
| May | 747.0 | 754.4 | 746.4 | 75 |
| July | 760.0 | 764.4 | 759.4 | 76 |
| Aug | 757.0 | 764.4 | 757.0 | 76 |
| Sept | 731.4 | 735.0 | 731.0 | 73 |
| Nov | 714.0 | 719.4 | 714.0 | 71 |
| Jan | 727.0 | 730.4 | 727.0 | 72 |
| March | 740.0 | 743.0 | 740.0 | 74 |
| May | 750.0 | 750.0 | 750.0 | 75 |

**SOYABEAN MEAL 100 tons, $/ton**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 194.5 | 196.3 | 193.8 | 19 |
| May | 197.3 | 199.0 | 197.2 | 19 |
| July | 200.7 | 202.0 | 200.5 | 20 |
| Aug | 201.0 | 201.5 | 200.5 | 20 |
| Sept | 197.0 | 198.3 | 197.0 | 19 |
| Oct | 192.5 | 195.0 | 192.5 | 19 |
| Dec | 194.0 | 196.0 | 194.0 | 19 |
| Jan | 195.0 | 196.5 | 195.0 | 19 |
| March | 198.5 | — | — | 20 |

**SOYABEAN OIL 60,000 lb, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 27.25 | 27.35 | 26.80 | 2 |
| May | 27.66 | 27.78 | 27.26 | 2 |
| July | 27.83 | 27.92 | 27.43 | 2 |
| Aug | 27.65 | 27.75 | 27.35 | 2 |
| Sept | 26.90 | 26.95 | 26.70 | 2 |
| Oct | 26.30 | 26.30 | 25.95 | 2 |
| Dec | 26.10 | 26.30 | 25.85 | 2 |
| Jan | 26.00 | 26.20 | 25.90 | 2 |

**WHEAT 5,000 bu min, cents/60-lb bushel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 328.4 | 331.0 | 328.4 | 3 |
| May | 334.0 | 335.4 | 333.6 | 3 |
| July | 332.6 | 333.4 | 331.2 | 3 |
| Sept | 339.4 | 339.4 | 338.0 | 3 |
| Dec | 352.0 | 352.6 | 351.4 | 3 |
| March | 359.0 | 360.4 | 359.0 | 3 |

SPOT PRICES — Chicago loose lard [illegible] cents per pound. New York tin [illegible] cents per pound.

# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar firmer in quiet trading

The dollar improved in currency markets yesterday in rather quiet trading. A 0.6 per cent rise in U.S. leading economic indicators after a revised 0.2 per cent fall in November was much in line with market expectations. Overnight Federal funds were quoted at 9$\frac{1}{16}$ per cent and had little effect on the market. The dollar has lacked a clear direction over the past week or two in the absence of any clear indication of the pace of recent U.S. economic growth.

The apparent slowdown in economic expansion in the last quarter is probably not sufficient to prompt a change in Federal monetary policy and for this reason there appears to be little incentive to push the dollar away from current levels. Against the D-mark it finished at DM 2.8170 from DM 2.8110 and SwFr 2.2530 compared with SwFr 2.2410. It was also higher against the yen at Y234.70 from Y234.55 and FFr 8.6175 compared with FFr 8.5975. On Bank of England figures the dollar's trade weighted index closed at 131.8 compared with 131.6.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.3955. December average 1.4344. Trade weighted index 81.8 compared with 81.8 at noon and 81.9 in the morning, 81.9 on Monday and 85.4 six months ago.

Sterling opened at $1.4055-$1.4065 against the dollar and touched a high of $1.4075 in the morning before slipping back during the afternoon on dollar demand to touch a low of $1.3985. It closed at $1.4010-$1.4020, a fall of 65 points from Monday. Against the D-mark it slipped to DM 3.95 from DM 3.96 and Y329.25 from Y330.5. It was also lower against the French franc at FFr 12.0750 from FFr 12.1025 but improved in terms of the Swiss franc to SwFr 3.16 from

D-MARK — Trading range against the dollar in 1983-84 is 2.8425 to 2.3320. December average 2.7487. Trade-weighted index 123.4 against 125.7 six months ago.

The D-mark was generally firm at the Frankfurt fixing. The dollar fell to DM 2.8139 from DM 2.8141 without any intervention from the Bundesbank. The market was very quiet ahead of the announcement of U.S. leading indicators, but in the event the rise of 0.6 per cent in December was well within market estimates. Eurodollar rates were steady, and there was no other news apart from instability in the German Cabinet. Sterling declined to DM 3.9480 from DM 3.9570; the Swiss franc to DM 1.2542 from DM 1.2548; and the French francs to DM 32.685 per 100 franc from DM 32.690. The Dutch guilder improved, however, to DM 88.82 per 100 guilders from DM 88.80, and the lira to DM 1.6420 per 1,000 lira from DM 1.6410.

ITALIAN LIRA — Trading range against the dollar in 1983-84 is 1,720.75 to 1,343. December average 1,666.475. Trade-weighted index 48.3 against 50.8 six months ago.

The lira showed small mixed changes at the Milan fixing, and was unchanged against the dollar at L1,714.25. The Bank of Italy sold $9.25m of the $15m officially traded at the fixing, but did not intervene in dealings against the D-mark which totalled DM 22.1m. The German currency rose to L509.18 from L609.11, and the Dutch guilder to L541.15 from L609.18 from L609.11, and the Swiss franc fell to L763.90 from L764.41; the French franc to L199.15 from L199.18; and sterling to L2,405.50 from L2,409.90.

### EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU January 31 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc ... | 44.9008 | 46.0830 | +2.63 | +1.94 | ±1.5447 |
| Danish Krone ... | 8.14104 | 8.18189 | +0.50 | −0.19 | ±1.6425 |
| German D-Mark | 2.24184 | 2.25584 | +0.62 | −0.07 | ±1.0642 |
| *French Franc ...* | *6.87456* | *6.90123* | *+0.39* | *−0.30* | *±1.4052* |
| Dutch Guilder ... | 2.52595 | 2.54065 | +0.58 | −0.11 | ±1.4964 |
| Irish Punt ...... | 0.72569 | 0.729326 | +0.50 | −0.19 | ±1.6699 |
| Italian Lira ...... | 1403.49 | 1373.60 | −2.13 | −2.13 | ±4.1505 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### £ in New York (latest)

| | Jan. 31 | Prev. close |
|---|---|---|
| Spot | $1.4030-4040 | $1.4050-4060 |
| 1 month | 0.04-0.07 dis | 0.04-0.06 dis |
| 3 months | 0.14-0.18 dis | 0.14-0.16 dis |
| 12 months | 0.68-0.83 dis | 0.67-0.72 dis |

£ forward rates are quoted in U.S. cents discount.

### THE POUND SPOT AND FORWARD

| Jan 31 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.3985-1.4075 | 1.4010-1.4020 | [illegible] | [illegible] | [illegible] | [illegible] |
| Canada | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nethlnd. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Belgium | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Denmark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Ireland | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| W. Ger. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Portugal | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Spain | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italy | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Norway | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| France | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sweden | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Austria | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Switz. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]. 12-month [illegible].

### THE DOLLAR SPOT AND FORWARD

| Jan 31 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | [illegible] | 1.4010-1.4020 | [illegible] | [illegible] | [illegible] | [illegible] |
| Ireland† | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Canada | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nethlnd. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Belgium | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Denmark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| W. Ger. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Portugal | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Spain | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italy | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Norway | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| France | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sweden | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Austria | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Switz. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible].

### OTHER CURRENCIES

| Jan. 31 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso... | [illegible] | [illegible] | Austria | [illegible] |
| Australia Dollar... | [illegible] | [illegible] | Belgium | [illegible] |
| Brazil Cruzeiro... | [illegible] | [illegible] | Denmark | [illegible] |
| Finland Markka... | [illegible] | [illegible] | France | [illegible] |
| Greek Drachma... | [illegible] | [illegible] | Germany | [illegible] |
| Hong Kong Dollar | [illegible] | [illegible] | Italy | [illegible] |
| Iran Rial | [illegible] | [illegible] | Japan | [illegible] |
| KuwaitDinar(KD) | [illegible] | [illegible] | Netherlands | [illegible] |
| Luxembourg Fr. | [illegible] | [illegible] | Norway | [illegible] |
| Malaysia Dollar | [illegible] | [illegible] | Portugal | [illegible] |
| New Zealand Dlr. | [illegible] | [illegible] | Spain | [illegible] |
| Saudi Arab. Riyal | [illegible] | [illegible] | Sweden | [illegible] |
| Singapore Dollar | [illegible] | [illegible] | Switzerland | [illegible] |
| Sth African Rand | [illegible] | [illegible] | United States | [illegible] |
| U.A.E. Dirham | [illegible] | [illegible] | Yugoslavia | [illegible] |

*Selling rates.

### CURRENCY RATES

| Jan. 31 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.736794 | 0.570955 |
| U.S. $ | 8½ | 1.03409 | 0.801154 |
| Canadian $ | [illegible] | [illegible] | [illegible] |
| Austria Sch | [illegible] | [illegible] | [illegible] |
| Belgian Fr | [illegible] | [illegible] | [illegible] |
| Danish Kr | [illegible] | [illegible] | [illegible] |
| D mark | [illegible] | [illegible] | [illegible] |
| Guilder | [illegible] | [illegible] | [illegible] |
| French Fr | [illegible] | [illegible] | [illegible] |
| Lira | [illegible] | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] | [illegible] |
| Norwgn Kr | [illegible] | [illegible] | [illegible] |
| Spanish Pta | [illegible] | [illegible] | [illegible] |
| Swedish Kr | [illegible] | [illegible] | [illegible] |
| Swiss Fr | [illegible] | [illegible] | [illegible] |
| Greek Dr'ch | [illegible] | [illegible] | [illegible] |

*CS/SDR rate for Jan 30: 1.29117.

### CURRENCY MOVEMENTS

| Jan. 31 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| Sterling | 81.8 | −8.7 |
| U.S. dollar | 131.8 | +19.4 |
| Canadian dollar | 92.4 | +0.5 |
| Austrian schilling | 113.5 | +2.8 |
| Belgian franc | 89.7 | −12.5 |
| Danish kroner | 77.4 | −6.4 |
| Deutsche mark | 133.4 | +9.5 |
| Swiss franc | 149.6 | +13.4 |
| Guilder | 121.4 | +3.5 |
| French franc | 65.4 | −15.9 |
| Lira | 48.3 | [illegible] |
| Yen | 157.1 | +12.9 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

### EXCHANGE CROSS RATES

| Jan. 31 | Pound St'rling | U.S. Dollar | Deutsche m'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.403 | 3.950 | 329.3 | 12.075 | 3.160 | 4.450 | 2405. | 1.751 | 80.70 |
| U.S. Dollar | 0.714 | 1. | 2.817 | 234.7 | 8.618 | 2.253 | 3.174 | 1716. | 1.249 | 57.59 |
| Deutschemark | 0.253 | 0.355 | 1. | 83.35 | 3.057 | 0.800 | 1.127 | 609.7 | 0.443 | 20.43 |
| Japanese Yen 1,000 | 3.037 | 4.257 | 12.00 | 1000. | 36.67 | 9.598 | 13.52 | 7303. | 5.317 | 245.1 |
| French Franc 10 | 0.828 | 1.161 | 3.271 | 272.7 | 10. | 2.617 | 3.686 | 1991. | 1.450 | 66.83 |
| Swiss Franc | 0.316 | 0.444 | 1.250 | 104.2 | 3.821 | 1. | 1.408 | 760.9 | 0.554 | 25.54 |
| Dutch Guilder | 0.225 | 0.315 | 0.888 | 73.99 | 2.715 | 0.710 | 1. | 540.3 | 0.393 | 18.13 |
| Italian Lira 1,000 | 0.416 | 0.583 | 1.643 | 136.9 | 5.022 | 1.314 | 1.851 | 1000. | 0.728 | 33.55 |
| Canadian Dollar | 0.571 | 0.801 | 2.256 | 188.1 | 6.898 | 1.805 | 2.543 | 1374. | 1. | 46.10 |
| Belgian Franc 100 | 1.239 | 1.737 | 4.895 | 408.0 | 14.96 | 3.916 | 5.514 | 2980. | 2.169 | 100. |

### EURO-CURRENCY INTEREST RATES (Market closing rates)

| Jan. 31 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | D-mark | French Franc | Italian Lira | Belgian Franc Conv. | Belgian Franc Fin. | Yen | Danish Kroner |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Short term | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 7 days' notice | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Month | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Asian $ (closing rates in Singapore): Short-term [illegible] per cent; seven days [illegible] per cent; one month [illegible] per cent; three months [illegible] per cent; six months [illegible] per cent; one year [illegible] per cent. Long-term Eurodollars two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

## MONEY MARKETS

# UK rates show little change

Interest rates showed little overall change in the London money market yesterday. Three-month inter-bank money was quoted at 9⅜-9$\frac{7}{16}$ per cent compared with 9⅜-9½ per cent while three-month eligible bank bills were bid at 8$\frac{15}{16}$ per cent against 8⅞ per cent. Overnight interbank money traded between 9¼ per cent and 7½ per cent and finished at 9¼ per cent despite the Bank of England's generous assistance.

The Bank forecast a shortage of around £750m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £312m and bills for repurchase by the market a further £689m. In addition banks brought forward balances some £76m below target. These were partly offset by a fall in the note circulation of £65m and Exchequer transactions adding £250m.

The Bank invited an early round of assistance involving sale and repurchase agreements on £487m of bills at 9-9$\frac{1}{16}$ per cent for resale on February 20. There was further help in the morning of £170m and this comprised purchases of £8m of eligible bank bills in band 1 (up to 14 days) at 9$\frac{1}{16}$ per cent and in band 2 (15-33 days) £75m at 9 per cent. In band 3 (34-63 days) it bought £1m of Treasury bills and £21m of eligible bank bills all at 8$\frac{15}{16}$ per cent and in band 4 (64-91 days) £1m of local authority bills and £64m of eligible bank bills all at 8⅞ per cent.

In the afternoon the Bank gave additional help of £95m, comprising purchases of £27m of eligible bank bills in band 2 at 9 per cent and £68m in band 4 at 8⅞ per cent. The Bank also provided a late round of assistance of £50m.

In Frankfurt call money was quoted at 5.05-5.55 per cent. Banks managed to complete their end of month requirements by drawing funds through the Lombard facility. The outstanding amount on Monday was DM 8.1bn up from DM 3.8bn on Friday. Interest rates may stay firm in the first few days of February as banks attempt to build up reserves for the new calendar month.

**UK clearing banks' base lending rate 9 per cent (since October 4 and 5)**

### MONEY RATES

| Jan. 31 | Frankfurt | Paris | Zurich | Amst'dam | Tokyo | Milan | Brussels | Dublin |
|---|---|---|---|---|---|---|---|---|
| Overnight | 5.5-5.55 | 12½ | 1-2 | 5⅝-5¾ | 6.15625 | 17⅝-18 | 8.50 | 12¼-12½ |
| One month | 5.75-5.85 | 12⅛-12¼ | 2½-3⅛ | 5¾-5⅞ | 6.21875 | 17½-17⅞ | 10⅝-10½ | 12¼-12½ |
| Two months | 5.95-6.05 | 12⅛-12¼ | — | — | — | — | — | 12½-12⅝ |
| Three months | 6.00-6.15 | 12¼-12⅜ | 3⅜-3½ | 6⅛-6¼ | 6.28125 | 17¾-18⅛ | 10-10 | 12¼-12⅜ |
| Six months | 6.15-6.30 | 12⅜-12½ | — | 6⅛-6¼ | — | — | 11½-11⅝ | 12¼-12⅜ |
| Lombard | 5.6 | — | — | — | — | — | — | — |
| Intervention | — | 12 | — | 5⅞ | — | — | — | — |

### LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

| Jan. 31 1984 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Company Deposits | Market Deposits | Treasury (Buy) | Treasury (Sell) | Eligible Bank (Buy) | Eligible Bank (Sell) | Fine Trade (Buy) |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 7½-9¼ | 9 | 8¼-8⅞ | 7½-9½ | — | — | — | — | — |
| 2 days notice | — | — | 9-9⅛ | — | — | — | — | — | — | — |
| 7 days or 7 day notice | — | 9-9¼ | 9-9⅛ | 9⅛ | 9-9¼ | — | — | — | — | — |
| One month | 9¼-9 | 9-9¼ | 9⅛ | 9⅛-9½ | 9-9 | 9-9½ | 8 | 9-9 | 8-9 | 9 |
| Two months | 9-9½ | 9¼-9⅜ | 9⅛ | 9⅜ | 9-9 | 8 | 8 | 8 | 8 | 9 |
| Three months | 9⅜-9 | 9⅜-9 | 9¼ | 9⅜ | 9-9¼ | 8 | 8-8 | 8 | 8-8 | 9 |
| Six months | 9-9⅜ | 9-9 | 9 | — | — | — | — | 9 | 8 | 9⅛ |
| Nine months | 9-9½ | 9-9 | 9⅛ | — | — | — | — | — | — | — |
| One year | 9-9 | 9-9 | 9⅛ | — | — | — | — | — | — | — |

| | Local Auth. negotiable bonds | Local Authority Deposits | Finance House Deposits | £ Cert of Deposits | SDR Linked Deposits | ECU Linked Deposits |
|---|---|---|---|---|---|---|
| One month | 9¼-9½ | — | 9 | 5.4-5.5 | 8½-8¼ | 9-9⅛ |
| Two months | 9¼-9½ | — | 9½ | 5.4-5.5 | 8½-8¾ | 9-9½ |
| Three months | 9¼-9½ | — | 9 | 8.5-8.6 | 8¾-9 | 9¼-9 |
| Six months | 9½-9 | — | 9⅜ | 8.65-8.75 | 8-9 | 9⅜-9 |
| Nine months | 9¼-9½ | — | 9 | 8.7-8.9 | — | — |
| One year | 9¼-9½ | — | 10 | 8.9-10.1 | 9½-9½ | 9-10 |
| Two years | — | 10⅛ | — | — | — | — |
| Three years | — | 10⅛ | — | — | — | — |
| Four years | — | 10½ | — | — | — | — |
| Five years | — | 10½ | — | — | — | — |

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 7 1983 to January 3 1984 (inclusive) 9.492 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 9½ per cent from February 1 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rate of discount 8.8590 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-six months 10 per cent; six-12 months 10¼ per cent. Under £100,000 9½ per cent from January 12. Deposits held under Series 4-5 10¼ per cent. The rate for all deposits withdrawn for cash 8 per cent.

### MONEY RATES

**NEW YORK (Lunchtime)**

| | |
|---|---|
| Prime rate | 11 |
| Broker loan rate | 10½-10¼ |
| Fed funds | 9½ |
| Fed funds at intervention | 9½ |

**Treasury Bills**

| | |
|---|---|
| One month | 8.75 |
| Two month | 8.80 |
| Three month | 8.88 |
| Six month | 8.97 |
| One year | 8.97 |

**Treasury Bonds**

| | |
|---|---|
| Two year | 100¼ |
| Three year | 100¼ |
| Four year | 100¼ |
| Five year | 100½ |
| Seven year | 100¼ |
| 10 year | 100¼ |
| 30 year | 101¼ |

### FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
(11.00 a.m. January 31)

3 months U.S. dollars: bid 9 5/8 — offer 9 3/4

6 months U.S. dollars: bid 9 7/8 — offer 10

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

## FINANCIAL FUTURES

# Weaker tone

Interest rate contracts finished on a weak note on the London International Financial Futures Exchange yesterday. Eurodollar's for March delivery opened at 90.26, compared with the previous settlement of 90.30, and touched a peak of 90.29. The contract finished at the day's low of 90.24 following news that U.S. single-family home sales rose by 28.5 per cent in December, compared with 0.8 per cent in November. This announcement led to a weakness in the bond market on fears of rising inflationary pressure because of increased economic activity, while the market was already cautious ahead of the Treasury's February refunding package.

There was also some nervousness about a possible rise in the Federal funds overnight rate at the month end, but little reaction to an increase of 0.6 per cent in the index of leading indicators, compared with a revised November fall of 0.2 per cent, against an earlier decline of 0.4 per cent.

March gilts opened at 109-01, and rose to a high point of 109-05, but then weakened in line with Eurodollar's on events in the U.S., to touch a low of 108-27, before finishing at 108-28, compared with 109-06 on Monday. The initial fall followed the overnight weakness of the U.S. bond market, but the early decline was limited, and trading remained within a narrow range.

Short sterling interest rate futures followed a similar pattern. The March contract began at 90.66, near to the days low of 90.65. It also moved narrowly, rising to a high point of 90.69, and closing in the middle of its range at 90.67, against 90.69 previously.

### LONDON

**THREE-MONTH EURODOLLAR $1m points of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 90.24 | 90.29 | 90.24 | 90.30 |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | — | — | [illegible] |

Volume [illegible]. Previous day's open int [illegible].

**THREE-MONTH STERLING DEPOSIT £250,000 points of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 90.67 | 90.69 | 90.65 | 90.69 |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | — | — | [illegible] |

Volume [illegible]. Previous day's open int [illegible].

**20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | 108-28 | 109-05 | 108-27 | 109-06 |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | — | — | [illegible] |
| Dec | [illegible] | — | — | [illegible] |
| March | [illegible] | — | — | [illegible] |

Volume [illegible]. Previous day's open int [illegible]. Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) [illegible] (32nds).

**STERLING £25,000 $ per £**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | — | — | [illegible] |
| Sept | [illegible] | — | — | [illegible] |

Volume [illegible]. Previous day's open int [illegible].

**DEUTSCHE MARKS DM 125,000 $ per DM**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | — | — | [illegible] |
| Sept | [illegible] | — | — | [illegible] |

Volume [illegible]. Previous day's open int [illegible].

**SWISS FRANCS SwFr 125,000 $ per SwFr**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | — | — | [illegible] |
| Sept | — | — | — | — |

Volume [illegible]. Previous day's open int [illegible].

**JAPANESE YEN Y12.5m $ per Y100**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | — | — | [illegible] |
| Sept | — | — | — | — |

Volume [illegible]. Previous day's open int [illegible].

### CHICAGO

**U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |

**U.S. TREASURY BILLS (IMM) $1m points of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | — | — | — | [illegible] |

**CERT. DEPOSIT (IMM) $1m points of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | — | — | — | — |
| March | — | — | — | — |
| June | — | — | — | — |

**THREE-MONTH EURODOLLAR (IMM) $1m points of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |

**STERLING (IMM) $e per £**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |

**GNMA (CBT) 8% $100,000 32nds of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | — | — | — | [illegible] |
| June | — | — | — | [illegible] |
| Sept | — | — | — | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |





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# INTERNATIONAL CAPITAL MARKETS

## New issue activity remains buoyant

BY MARY ANN SIEGHART IN LONDON

NEW ISSUE activity continued apace in the Eurodollar bond market yesterday, with two floating rate notes (FRNs) and one fixed-rate bond being launched.

As expected, Crédit Commercial de France, the French bank, issued its $250m, 12-year FRN with a spread of ⅛ point over the mean of the six-month London interbank bid and offered rates at par. CCF is leading the deal with Bankers' Trust International, Morgan Guaranty and Sumitomo Finance International.

Front-end fees are 0.70 per cent, and the bond sold well within those commissions, at a discount of around 0.40 per cent.

Pirelli, the Italian tyre group, which is raising $50m through its Swiss management company, Pirelli Société Générale, met with a slightly cooler reception. The 10-year FRN has a put option for investors after seven years and pays a spread of ⅛ point over six-month Libor at par. Credit Suisse First Boston and Citicorp are leading the deal, which has front-end fees of 1.95 per cent.

Despite the relatively generous terms, which give a compounded cost to the borrower of 0.65 per cent over Libor up to the put option, compared with 0.29 per cent for CCF, the issue traded only just within its total fees. Some dealers suggested that banks, which are thought to be the major initial buyers of FRNs, are more reluctant to lend money to corporate borrowers than to other banks.

This is partly a matter of principle, often the proceeds of an FRN are used to repay more expensive bank debt. Yet it is also, to some extent, just a matter of timing. One bank can make an immediate decision to lend to another bank if a credit line is already open between the two. But a bank may need authorisation to lend to a corporation and particularly in the case of Far Eastern banks, this can take a few days.

The third new dollar issue of the day came from the Minneapolis-based Norwest Corporation, formerly North West Bank. The bank is raising $50m through a seven-year bond paying 12½ per cent at par.

**BHF Bank bond average**

| | | |
|---|---|---|
| Jan 31 98.539 | | Previous 98.511 |
| High 102.017 | 1983-84 | Low 97.699 |

## Bundesbank loan terms disappoint

By Our Financial Staff

TERMS set yesterday by the West German Bundesbank for a DM 2bn ($711m) issue of federal loan stock (Bundesanleihe) disappointed market operators in Frankfurt, and the immediate reaction was to mark down the 10-year, 8¼ per cent issue by between a half and three-quarters of a point from its par pricing.

The market was said to have been expecting an offer price of 99¾ instead, which would provide a yield nearer to the 8.30 to 8.32 per cent being quoted for existing comparable issues, rather than the 8.25 per cent which resulted.

The official selling period begins tomorrow and runs through to next Monday. Of the total, DM 1.6bn will be placed through a consortium of issuing banks, with the Bundesbank retaining DM 400m for use in regulating the market.

Dealers said the large volume might weigh on the market, while the relatively unattractive yield will act as no incentive to smaller private investors at a time when funds have been directed far more heavily into domestic equities than bonds.

No insurmountable problems in placing the issue were envisaged, though. Allowance for selling concessions indicated a yield for large institutional investors of 8.34 per cent, and for banks at least 8.36 per cent — for member banks of the issuing consortium this would rise to 8.46 per cent.

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 31.

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Australia Comm 11¼ 90 | 100 | 100¾ | 100⅞ | 0 | -0½ | 11.09 |
| Australia Comm 11½ 95 | 300 | 97⅜ | 97⅞ | 0 | +0⅛ | 11.88 |
| Australia Comm 11⅝ 98 | 100 | 97½ | 98 | +0⅛ | +0¼ | 11.94 |
| Bank of Tokyo 11 90 | 100 | 95⅛ | 95⅝ | 0 | -0⅛ | 12.05 |
| Bank of Tokyo 11⅞ 90 | 100 | 98½ | 99 | -0⅛ | +0⅛ | 12.14 |
| Britoil Fin 11⅞ 90 | 125 | 99¾ | 100¼ | -0⅛ | +0⅛ | 11.84 |
| Canada 10⅞ 88 | 500 | 98⅜ | 98⅝ | 0 | +0⅛ | 11.23 |
| C.C.C.E. 12⅝ 95 | 75 | 100¼ | 100¾ | 0 | 0 | 12.51 |
| C.I.B.C. 11 90 | 75 | 92¼ | 93 | 0 | 0 | 12.75 |
| Citicorp O/S 10⅜ 90 | 100 | 91½ | 92 | -0⅛ | 0 | 12.31 |
| Citicorp O/S 11¾ 90 | 100 | 98⅛ | 98⅜ | 0 | +0⅛ | 12.06 |
| Den Norsk Cred 11¼ 93 | 50 | 92½ | 93 | 0 | +0⅛ | 12.59 |
| Denmark Kingdom 12⅛ 93 | 100 | 98⅜ | 98⅞ | -0⅛ | +0⅜ | 12.49 |
| E.C.S.C. 11⅞ 90 | 75 | 99½ | 100 | 0 | +0¼ | 11.89 |
| E.D.F. 11⅛ 93 | 100 | 93⅝ | 94⅛ | 0 | +0⅛ | 12.24 |
| E.E.C. 11 87 | 350 | 98⅝ | 99⅛ | 0 | +0⅛ | 11.36 |
| E.E.C. 12 93 | 50 | 100 | 100½ | +0⅛ | +0⅜ | 11.94 |
| E.I.B. 10⅝ 93 | 200 | 92⅜ | 92⅞ | -0⅛ | +0½ | 12.09 |
| E.I.B. 11 91 | 125 | 95⅛ | 95⅝ | +0⅛ | +0⅜ | 11.99 |
| E.I.B. 11½ 90 | 200 | 97⅛ | 97⅝ | 0 | +0⅛ | 12.07 |
| Eksportfinans 11½ 90 | 100 | 97 | 97½ | -0⅛ | +0⅛ | 12.09 |
| Electrolux 10½ 90 | 50 | 92¾ | 93¼ | 0 | -0⅛ | 12.11 |
| Fuji Int Fin 10⅞ 90 | 100 | 93¾ | 94¼ | 0 | +0⅛ | 12.27 |
| GMAC O/S Fin 11⅜ 90 | 100 | 99½ | 100 | 0 | 0 | 11.48 |
| Honeywell Int 10⅝ 90 | 100 | 96⅛ | 96⅝ | 0 | +0⅛ | 11.59 |
| IC Indust Fin 11⅞ 88 | 75 | 96⅛ | 96⅝ | 0 | -0⅛ | 12.41 |
| Indust Bk Japan 11⅞ 91 | 100 | 99 | 99½ | -0⅛ | +0⅛ | 12.00 |
| ITT Finance 11½ 89 WW | 125 | 99⅝ | 100⅛ | +0⅛ | +0¼ | 11.51 |
| Japan Air Lines 10⅞ 98 | 42 | 92⅝ | 93⅛ | +0¼ | +0⅝ | 11.92 |
| Japan Air Lines 11 93 | 75 | 95 | 95½ | +0⅛ | -0⅛ | 11.84 |
| J.C. Penney 11⅛ 90 | 100 | 100⅜ | 100⅞ | 0 | -0¼ | 11.71 |
| J. P. Morgan 11⅜ 90 WW | 150 | 98⅞ | 99⅜ | -0⅛ | +0⅜ | 11.54 |
| Levi Strauss Int 11 90 | 75 | 96⅞ | 97⅜ | -0⅛ | -0½ | 11.63 |
| L.T.C.B. 10⅝ 90 | 100 | 93½ | 94 | 0 | +0⅛ | 12.19 |
| L.T.C.B. 12½ 90 | 85 | 102 | 102½ | 0 | +0⅝ | 11.96 |
| Merrill Lynch 10⅝ 90 | 200 | 95⅛ | 95⅝ | 0 | +0½ | 11.88 |
| Mitsubishi Fin 11⅜ 90 | 100 | 96 | 96½ | 0 | +0⅝ | 12.22 |
| Nippon Credit 11 90 | 100 | 94¼ | 94¾ | +0⅛ | +0¼ | 12.28 |
| Nippon Credit 11⅞ 90 | 100 | 98 | 98½ | -0½ | +0¼ | 12.24 |
| Ontario Hydro 10¼ 90 | 250 | 93⅝ | 94⅛ | -0⅛ | +0⅝ | 11.65 |
| Ontario Hydro 11¾ 90 | 200 | 100⅜ | 100⅞ | -0⅛ | +0¼ | 11.58 |
| Pacific Gas & Elec 12 91 | 75 | 101⅝ | 102⅛ | 0 | -0⅛ | 11.59 |
| P.K. Banken 12 90 WW | 75 | 97⅜ | 97⅞ | +0⅛ | +0⅜ | 12.51 |
| Prudential 10⅛ 93 WW | 150 | 95⅝ | 96⅛ | 0 | +0⅜ | 10.84 |
| Prudential 10⅛ 93 XW | 150 | 90 | 90½ | -0⅛ | +0⅛ | 11.84 |
| Quebec Hydro 11½ 92 | 100† | 98 | 98½ | 0 | +0¼ | 11.81 |
| Sears O/S Fin 11½ 93 | 125 | [illegible] | [illegible] | [illegible] | [illegible] | 11.89 |
| Sears O/S Fin [illegible] 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 11.90 |
| Sears O/S Fin [illegible] 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 11.85 |
| Sth Cal Edison 10½ 90 | 75 | [illegible] | [illegible] | [illegible] | [illegible] | 11.55 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 12.29 |
| Texaco Capital [illegible] 93 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 11.38 |
| Tokai Asia Ltd [illegible] 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 12.33 |
| U.B.S. 10 88 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 10.39 |
| World Bank 11⅞ 88 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 11.39 |
| World Bank [illegible] 90 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 11.92 |
| World Bank [illegible] 90 | 150 | [illegible] | [illegible] | [illegible] | [illegible] | 11.84 |
| World Bank 12 93 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 11.88 |

Av. price changes: on day 0, on week +⅛

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asea Int'l 8⅛ 91 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 8.58 |
| A.R.A.B. 8⅝ 91 | 150 | [illegible] | [illegible] | [illegible] | [illegible] | 8.82 |
| Arab Banking Corp 8 88 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 8.80 |
| Asian Dev Bk 8½ 93 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 8.45 |
| Austria, Rep 7⅝ 89 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 7.49 |
| Avon Int Fin 7½ 93 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 7.36 |
| Barclays O/S 8⅝ 90 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 8.12 |
| Beatrice Foods 7¾ 93 | 130 | [illegible] | [illegible] | [illegible] | [illegible] | 7.32 |
| E.C.S.C. 8 90 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.78 |
| E.I.B. 8 93 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 8.16 |
| Eurofima 7½ 90 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 7.29 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 8.29 |
| Finland Rep 8 90 | 150 | [illegible] | [illegible] | [illegible] | [illegible] | 7.88 |
| I.A.D.B. 8⅝ 93 | 150 | [illegible] | [illegible] | [illegible] | [illegible] | 8.55 |
| Int Standard Ele 7¾ 90 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 7.11 |
| Int Standard Ele 7¾ 93 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 7.48 |
| Ireland 8⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 8.58 |
| Japan Dev Bank 7½ 90 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 7.29 |
| L.T.C.B. 8 90 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 7.73 |
| [illegible] | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 8.69 |
| Sth Africa Rep 8½ 91 | 200 | [illegible] | [illegible] | [illegible] | [illegible] | 8.49 |
| S.N.C.F. 8⅛ 93 | 100 | [illegible] | [illegible] | [illegible] | [illegible] | 8.88 |
| VEBA Int Fin 4 93 WW | 300 | [illegible] | [illegible] | [illegible] | [illegible] | 8.69 |
| VEBA Int Fin 4 93 XW | 300 | [illegible] | [illegible] | [illegible] | [illegible] | 7.16 |
| World Bank 7⅞ 89 | 300 | [illegible] | [illegible] | [illegible] | [illegible] | 7.77 |
| World Bank 8 93 | 300 | [illegible] | [illegible] | [illegible] | [illegible] | 8.15 |

Av. price changes: on day 0, on week +¼

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Amex O/S Fin 7⅝ 91 | 57† | [illegible] | [illegible] | [illegible] | [illegible] | 11.75 |
| Bank of Tokyo 6 91 | 100† | [illegible] | [illegible] | [illegible] | [illegible] | 6.50 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.82 |
| E.E.C. 6 93 | 100† | [illegible] | [illegible] | [illegible] | [illegible] | 5.82 |
| Elec Power Dev [illegible] 93 | 100† | [illegible] | [illegible] | [illegible] | [illegible] | 5.66 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.95 |
| Ind Fund Fin [illegible] 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.95 |
| Int-Am Dev Bk 6 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.96 |
| Ireland 6½ 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 6.18 |
| Japan Dev Bank [illegible] 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.56 |
| Kansai Elec Power 6 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.42 |
| Manitoba Prov [illegible] 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.53 |
| Mont Blanc Tunl [illegible] 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.33 |
| Mount Isa Finance 6 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.92 |
| Mtg Bk Denmark [illegible] 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.54 |
| New Brunswick [illegible] 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.31 |
| Nippon Tel & Tel [illegible] 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.37 |
| Nisshin Steel [illegible] 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.31 |
| Osterr Post [illegible] 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.99 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.45 |
| Quebec Province [illegible] 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.45 |
| Shikoku Elec Power [illegible] 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.59 |
| Soc Lux Cent [illegible] 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 6.75 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.79 |
| Tokyo Elec Power [illegible] 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.26 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.88 |

Av. price changes: on day 0, on week +¼

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Australia 8⅝ 92 | 15 | [illegible] | [illegible] | [illegible] | [illegible] | 7.47 |
| E.I.B. 8⅛ 92 | 15 | 103½ | 104⅛ | 0 | 0 | 7.80 |
| Int Am Dev Bk 7½ 93 | 15 | 102⅝ | 103⅛ | 0 | -0⅛ | 7.48 |
| New Zealand 7⅝ 89 | 15 | 103⅛ | 104⅛ | -0⅛ | 0⅛ | 8.71 |
| World Bank 7⅝ 93 | 20 | 102⅝ | 103⅛ | +0⅛ | +0⅛ | 7.18 |

Av. price changes: on day 0, on week 0

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| British Col Hyd 12 93 C$ | 125 | 97½ | 98 | 0 | -0⅛ | 12.39 |
| Brit Col Tel 12¼ 99 C$ | 70 | 99⅛ | 99⅝ | -0⅛ | -0⅛ | 12.34 |
| E I B 12⅛ 91 C$ | 80† | 97⅛ | 98⅛ | 0 | -0⅛ | 12.56 |
| Loblaw 12½ 90 C$ | 35† | 98 | 98½ | 0 | -0⅛ | 12.88 |
| Montreal City of 12 90 C$ | 50† | 98 | 98½ | 0 | -0⅛ | 12.37 |
| Royal Trstco 12⅝ 99 C$ | 50† | 101 | 101½ | 0 | -0⅛ | 12.23 |
| World Bank 12¼ 90 C$ | 75† | 100⅝ | 101⅛ | 0 | -0⅛ | 11.98 |
| Compagnie Banc 11 90 ECU | 37 | 98⅛ | 99⅛ | 0 | -0⅛ | 11.14 |
| SDR France 11⅝ 95 ECU | 20† | 100¼ | 100⅞ | 0 | +0⅛ | 11.54 |
| Algemene Bank 8⅞ 88 Fl | 150 | 102⅛ | 102⅝ | -0⅛ | -0⅛ | 8.05 |
| Amro Bank 8⅞ 88 Fl | 100 | 102⅝ | 103⅛ | 0 | 0 | 7.99 |
| Bank Mees & Hope 9 88 Fl | 75 | 102⅝ | 103⅛ | -0⅛ | -0⅛ | 8.21 |
| Ned Middenstandbk 9 88 Fl | 100 | 102⅛ | 102⅝ | -0⅛ | -0⅛ | 8.38 |
| Rabobank 9 88 Fl | 100 | 102⅛ | 102⅝ | -0⅛ | -0⅛ | 8.38 |
| World Bank 9 88 Fl | 100 | 102⅝ | 103⅛ | 0 | +0⅛ | 8.29 |
| O.K.B. 14 86 FF | 400 | 101 | 102 | 0 | 0⅛ | 13.80 |
| Solvay & Cie 14¾ 88 FF | 200 | 102⅛ | 103⅛ | 0 | -0⅛ | 13.19 |
| B F C E 11½ 88 £ | 50 | 100 | 100¼ | 0 | +0⅛ | 11.35 |
| British Oxyg 11¾ 91 £ | 50 | 100⅝ | 101⅛ | 0 | -0⅛ | 11.51 |
| CEPME 11⅛ 95 £ | 35 | 104⅝ | 105⅛ | -0⅛ | +0⅛ | 10.44 |
| CIBA-Geigy Int 6¾ 93 £ | 25 | 102 | 103 | 0 | +1 | 6.29 |
| Commerzbank 11½ 90 £ | 25 | 98½ | 99¼ | 0 | +0⅛ | 11.73 |
| E.E.C. 11⅞ 93 £ | 50 | 100⅝ | 101⅛ | 0 | +0⅛ | 11.83 |
| Fin For Ind 10½ 90 £ | 20 | 95¼ | 96 | -0⅛ | 0 | 11.48 |
| Finland Rep 11⅞ 88 £ | 50 | 101⅝ | 102⅛ | 0 | +0⅛ | 11.25 |
| Gen Elec Co 12½ 89 £ | 50 | 101⅛ | 101⅞ | 0 | -2⅛ | 12.08 |
| I.I.I. 10¾ 93 £ | 25 | 95⅜ | 96⅛ | 0 | -0⅛ | 11.48 |
| I.I.I. 11½ 91 WW £ | 50† | 99¾ | 100¼ | 0 | -0⅛ | 11.43 |
| Int Stand Ele 11⅛ 89 £ | 50 | 97⅛ | 98⅛ | -0⅛ | -0⅛ | 11.84 |
| Norsk Hydro 12 90 £ | 30 | 102⅞ | 103⅜ | 0 | +1⅛ | 11.23 |
| Sweden 11⅛ 93 £ | 50 | 97⅞ | 98⅜ | +0⅛ | +0⅛ | 11.53 |
| Swed Exp Cred 11¼ 88 £ | 30 | 99⅛ | 99⅞ | 0 | +0⅛ | 11.36 |
| World Bank 11⅛ 88 £ | 100 | 99⅝ | 100⅛ | -0⅛ | -0⅛ | 11.18 |
| Eurofima 10 91 LuxFr | 600 | 99⅛ | 100⅛ | +0⅛ | -0⅛ | 10.06 |
| Europarat 10⅝ 93 LuxFr | 600 | 99⅝ | 100⅝ | -0⅛ | -0⅛ | 10.71 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.date | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Allied Irish Bk 5¼ 95 | 0⅛ | 98⅝ | 99⅛ | 8/6 | 10.31 | 10.43 |
| Banco di Roma 5¼ 90 | 0⅛ | 100 | 100¼ | 7/6 | 10½ | 10.48 |
| Belgium 5 2004 | 0⅛ | 99½ | 99¾ | 9/7 | 10.31 | 10.35 |
| Bk of New Yk 5⅛ 96 $ | 0⅛ | 99½ | 99¾ | 12/4 | 10.06 | 10.10 |
| C.C.F. 5¼ 95 | 0¼ | 100 | 100¼ | 7/4 | 9.94 | 9.93 |
| C.C.F. 5¼ 98 $ | 0⅛ | 100 | 100¼ | 24/3 | 10.19 | 10.17 |
| Credit Foncier 5⅛ 93 | 0¼ | 100⅛ | 100⅞ | 6/4 | 10 | 9.98 |
| Credit Lyonnais 5¼ 96 | 0⅛ | 99⅜ | 99⅝ | 18/7 | 10.19 | 10.24 |
| Denmark 5¼ 90 | 3/16 | 99⅞ | 100⅛ | 13/4 | 10 | 10.00 |
| Die Erste Oso 5⅛ 92 | 0⅛ | 99⅛ | 99⅝ | 27/7 | 5⅛ | 5.20 |
| Dresdner Fin 5¼ 93 XW $ | 0¼ | 100⅛ | 100⅜ | 19/4 | 9.94 | 9.91 |
| EAB Fin 5 93 $ | 0¼ | 100⅛ | 100⅜ | 20/6 | 10.09 | 10.06 |
| E.E.C. 5 90 | 0⅛ | 100⅛ | 100⅜ | 5/7 | 10⅜ | 10.35 |
| Ext Int 5¼ 96† | 0¼ | 98⅝ | 98⅞ | 21/6 | 10.81 | 10.95 |
| Fst Interstate 5¼ 95 $ | 0⅛ | 99½ | 99¾ | 6/3 | 9.94 | 9.98 |
| Fuji Int'l 5¼ 96 $ | 0⅛ | 99¾ | 100 | 12/7 | 10⅛ | 10.28 |
| Genfinance 5 94 | 0⅛ | 99¾ | 100 | 19/7 | 10⅛ | 10.14 |
| GZB 5¼ 96 | 0⅛ | 99¾ | 100⅛ | 28/6 | 10.19 | 10.19 |
| Hispano 5¼ 95 | 0⅛ | 98½ | 98¾ | 20/4 | 10 | 10.14 |
| Nat Bk Canada 5⅛ 91 $† | 0⅛† | 99 | 99¼ | 5/7 | 10.44 | 10.53 |
| Quebec Hydro 5¼ 94 | 0⅛ | 99¾ | 100 | 19/7 | 10⅛ | 10.14 |
| Saitama Int 5¼ 93 | 0⅛ | 100 | 100¼ | 5/8 | 10.19 | 10.18 |
| Soc Generale 5¼ 90 XW | 0¼ | 100 | 100¼ | 9/5 | 10.31 | 10.30 |
| Sweden 5¼ 2003 $ | 0⅛ | 99⅞ | 100⅛ | 17/5 | 10.19 | 10.19 |

Av. price changes: on day 0, on week +⅛

| CONVERTIBLE BONDS | Conv. date | Conv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| BBC Brown Boveri 4⅛ 95 | 2/84† | 108 | 101 | 102 | -0⅛ | -6.94 |
| Bridgestone Tire 5½ 98 | 3/82 | 470 | 126⅞ | 128⅜ | -4¾ | 3.22 |
| Canon 7 97 | 7/82 | 688.2 | 243½ | 245½ | -1⅜ | -1.45 |
| Daiwa Sec Co 5½ 98 | 10/83† | 481.8 | 105 | 106½ | -0½ | 0.54 |
| Fanuc 3¾ 98 | 1/84 | 8142 | 137⅝ | 138⅝ | -0⅝ | 10.04 |
| Hitachi Cable 5⅛ 96 | 2/82 | 515 | 124 | 125½ | -1 | -2.56 |
| Honda Motor 5¼ 98 | 6/83 | 894 | 127⅝ | 128⅝ | -0½ | 2.80 |
| Honda Motor 5½ 97 | 3/83 | 759.6 | 145⅞ | 147⅜ | 0⅛ | 0.50 |
| Konishiroku Photo 4 98 | 10/83 | 873 | 111⅛ | 112⅛ | -0⅝ | 2.97 |
| Kyowa Hakko 8¼ 97 | 2/83 | 762 | 123 | 124½ | -1⅛ | 7.28 |
| Minebea Co Ltd. 5½ 98 | 5/83 | 667 | 114⅝ | 115⅝ | -0⅛ | -0.51 |
| Mitsubishi Electric 5⅛ 98 | 6/83 | 386 | 110⅛ | 111⅛ | -0½ | -0.32 |
| Mitsubishi Heavy 4⅝ 99 | 1/84 | 253 | 102⅝ | 103⅝ | -0⅛ | 3.34 |
| Murata 3½ 99 | 2/84 | 2939 | 119 | 120 | -0⅝ | 9.79 |
| Nippon Oil Co 5½ 98 | 4/83 | 984 | 111½ | 112½ | +0⅞ | 9.78 |
| Nissan Motor 5⅜ 98 | 4/83 | 780 | 108⅝ | 109⅝ | -1⅛ | -1.19 |
| Olympus Optical 6⅝ 97 | 12/82 | 1157 | 116⅛ | 117⅝ | -1 | 12.34 |
| Orient Leasing 5⅛ 98 | 6/83 | 2680 | 100⅞ | 101⅞ | -0⅛ | 2.24 |
| Secom 5 98 | 11/83 | 2920 | 169¼ | 170¾ | -0⅛ | 1.86 |
| Yamaichi Sec Co 5 98 | 8/83 | 449.5 | 104 | 105½ | -0⅛ | 0.51 |
| Yamanouchi Pharm'cal 4 90 | 10/83 | 1808 | 102⅜ | 103⅜ | -0⅛ | 20.89 |
| Bridge Oil 4⅝ 93 SF | 3/84† | 3.43 | 111 | 113 | -0¼ | 21.08 |
| Nippon Airway 2⅝ 94 SF | 2/84 | 364 | 102 | 104 | 0 | -1.28 |
| Toshiba 2⅝ 94 SF | 1/84† | 391 | 114¼ | 116⅛ | +1⅛ | 1.80 |
| Asics 5 92 DM | 12/83 | 520 | 115⅞ | 117⅛ | -0⅛ | 17.38 |
| Som Realty 6⅛ 92 DM | 2/83 | 365 | 134⅛ | 135⅛ | -3⅛ | -7.38 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week — Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date — Date next coupon becomes effective. Spread — Margin above six-month offered rate (†† three month: § above mean rate) for U.S. dollars. C.cpn. — current coupon. Cu. yld — current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg day — Change on day. Cnv date — First date for conversion into shares. Cnv price — Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem — Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.